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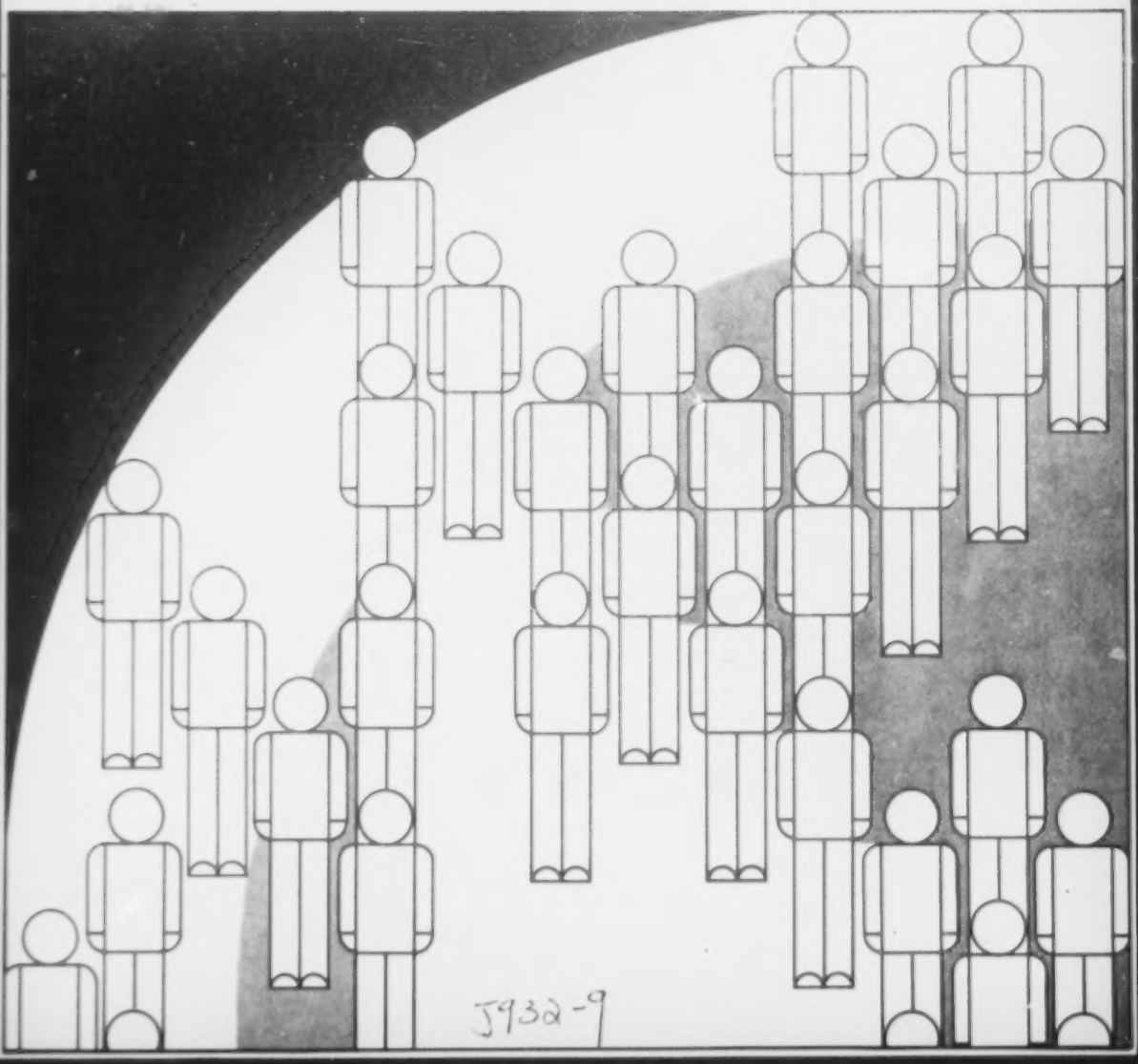
Trends in Family Income: 1970-1986



CBO STUDY

TRENDS IN FAMILY INCOME: 1970-1986

The Congress of the United States
Congressional Budget Office

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PREFACE

In response to separate requests from the Senate Budget Committee and the House Select Committee on Children, Youth, and Families, this study examines what has happened to the incomes of different types of families since 1970. In addition, the analysis discusses economic and demographic factors that have influenced the trends in family incomes.

Roberton C. Williams of CBO's Human Resources and Community Development Division wrote the report under the direction of Nancy M. Gordon, Martin D. Levine, and Ralph E. Smith. Many people provided comments on earlier drafts, including Michael Carozza, John Coder, Sheldon Danziger, G. William Hoagland, Marvin Kosters, Frank Levy, Maureen McLaughlin, Carla Pedone, Wendell Primus, and Ann Rosewater. Roald Euller wrote the programs that generated the data on family incomes. Paul L. Houts edited the manuscript, Norma A. Leake and Ronald Moore typed portions of various drafts, and Kathryn Quattrone prepared the paper for publication.

In accordance with the Congressional Budget Office's mandate to provide objective and impartial analysis, this paper contains no recommendations.

James L. Blum
Acting Director

February 1988

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SUMMARY

The commonly expressed view of trends in family income holds that median income has grown little if at all since 1970, a sharp change from the rapid income gains of the 1950s and 1960s. This perception inaccurately represents what has happened to family well-being over the period; indeed, it ignores four important factors:

- It fails to account for reduced living costs resulting from declining average family size;
- It uses an inflation index that has overstated the increase in living costs;
- It understates income by omitting items received in kind, such as employer-provided health insurance, Medicare, and food stamps; and
- It overstates income available for consumption by using a pretax measure.

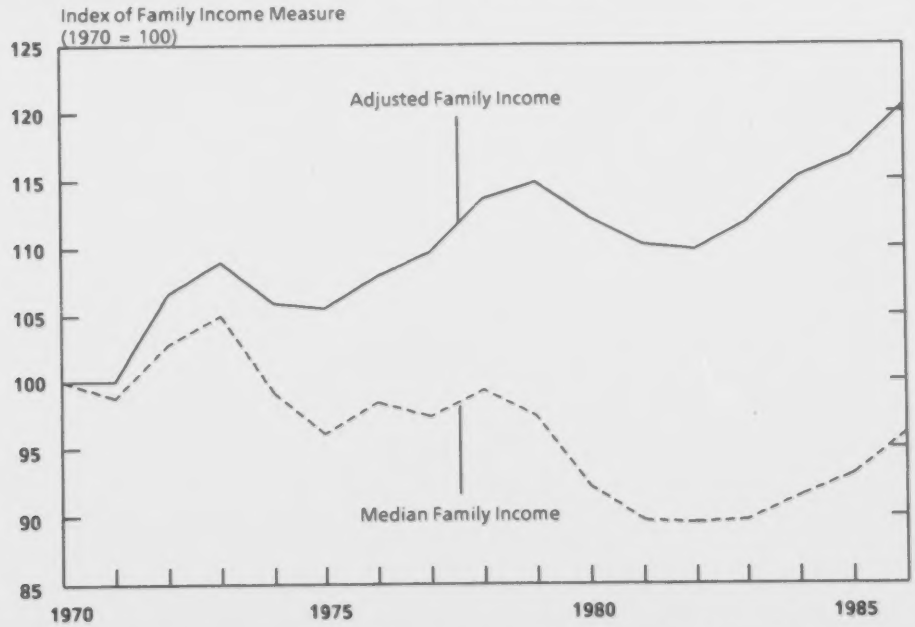
A lack of data on individual families precludes consideration of either in-kind income or taxes, but the analysis in this report adjusts for family size and uses a price index that is a better indicator of inflation. The resulting measure--termed "adjusted family income" (AFI)--indicated a 20 percent increase during the 16-year period from 1970 through 1986, in contrast to a 4 percent drop in the unadjusted income measure (see Summary Figure 1). Nearly one-third of the difference was the result of the revised inflation indicator and over two-thirds stemmed from adjustments in family size.

Median AFI increased for each major family type, although some groups fared better than others. (Summary Figure 2 shows the distribution of families among major types in 1986.) Among the elderly, income rose by half, from about twice the poverty thresholds to over three times the poverty thresholds for those in families, and from just above the poverty level to more than one and one-half times the

poverty thresholds for unrelated individuals. At the other extreme, single mothers with children experienced only a slight growth in income: their median income rose and fell, but was just above the poverty thresholds over the period as a whole.

Although each major family type saw its AFI grow, families headed by people under age 25, and families with children and no full-time, full-year workers had median AFIs that were between 10 percent and 20 percent lower in 1986 than the AFIs of their counterparts 16 years earlier. Furthermore, the uneven growth in AFI among income levels generally resulted in greater inequality in 1986 than in 1970, particularly among families with children.

Summary Figure 1.
Median Family Income and Median Adjusted Family Income, Relative to 1970 Values, All Families, 1970-1986

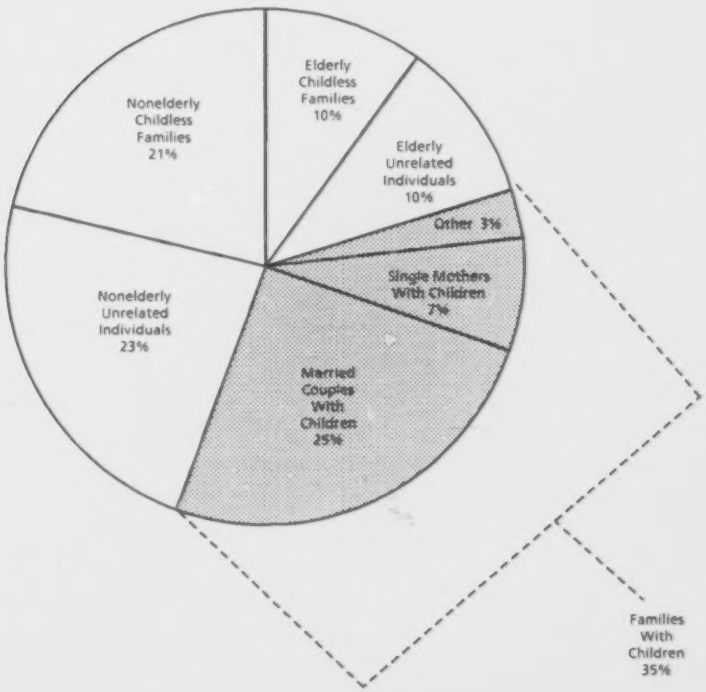


SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

NOTE: Unrelated individuals are considered to be one-person families.

Using the AFI measure takes account of changes in prices and family composition but excludes the effects of taxes and noncash income. If incomes were measured net of income and payroll taxes, growth in income would probably appear to have been less during the 1970s, more rapid during the 1980s, and somewhat less over the entire period than what is reported in this study. In contrast, including in-kind income, such as health insurance and food stamps, would probably make growth in income look somewhat greater for the 16 years, with the gains being concentrated in the first 10 years. The net effect of both omissions cannot be estimated.

Summary Figure 2.
Distribution of Families by Family Type, 1986
(As a percentage of all families)


Elderly Childless Families 10%
Elderly Unrelated Individuals 10%
Other 3%
Single Mothers With Children 7%
Married Couples With Children 25%
Families With Children 35%
Nonelderly Unrelated Individuals 23%
Nonelderly Childless Families 21%

SOURCE: Congressional Budget Office tabulations of March 1987 Current Population Survey data.

These income trends for groups of families imply nothing about changes in the incomes of individual families. Because families move among classifications over time, the families that make up a specific group in one year will generally not be the same families that make up that group in a later year. As a result, the aggregate findings cannot be used to infer what happened to the incomes of particular families.

MEASURING FAMILY INCOME

Trends in family income are commonly tracked by looking at real median family cash income over time, but this approach has four significant shortcomings.

- Family Size. Because of changes in family size and composition, the trend in median family income is an inaccurate indicator of what has happened to family well-being. A better measure adjusts income to account for the fact that larger families need more resources in total but less per person than do smaller families.

- Inflation. Using the Consumer Price Index (CPI) to correct for inflation overstated the increase in living costs until the index was modified in 1983. Alternative indexes better reflect cost changes.

- In-Kind Income. Only cash income is generally included in measures of well-being; income received in kind has been ignored. Yet, noncash benefits have accounted for a growing share of total income over the last two decades, and their omission overstates losses or understates gains in family income.

- Taxes. Although after-tax income more accurately measures a family's purchasing power, pretax income is generally used as the indicator. Because income and payroll taxes rose as a share of income through the 1970s before dipping slightly in more recent years, using pretax income misstates changes in family well-being.

This study deals with the first two of these problems by using adjusted family income. AFI equals family pretax cash income reported on the Current Population Survey (CPS), divided by the appropriate poverty threshold to adjust for family size and inflated with an alternative price index, the CPI-X1, to correct for price changes. Measuring income as a percentage of poverty thresholds takes account of variations in the resources needed for families of different sizes to achieve the same standard of living, while the CPI-X1 is a better indicator of changing living costs than the CPI. Unfortunately, because of limitations in family-level data, it is not possible to correct for the last two problems.

TRENDS IN FAMILY INCOME

In 1970, the median incomes of elderly unrelated individuals and single mothers with children were just above their adjusted poverty lines--that is, poverty lines inflated with the CPI-X1 rather than the CPI. At the other extreme, nonelderly childless families had a median income more than four times their adjusted poverty threshold (see Summary Figure 3). Median incomes of other family types clustered around two and one-half times their adjusted poverty levels.

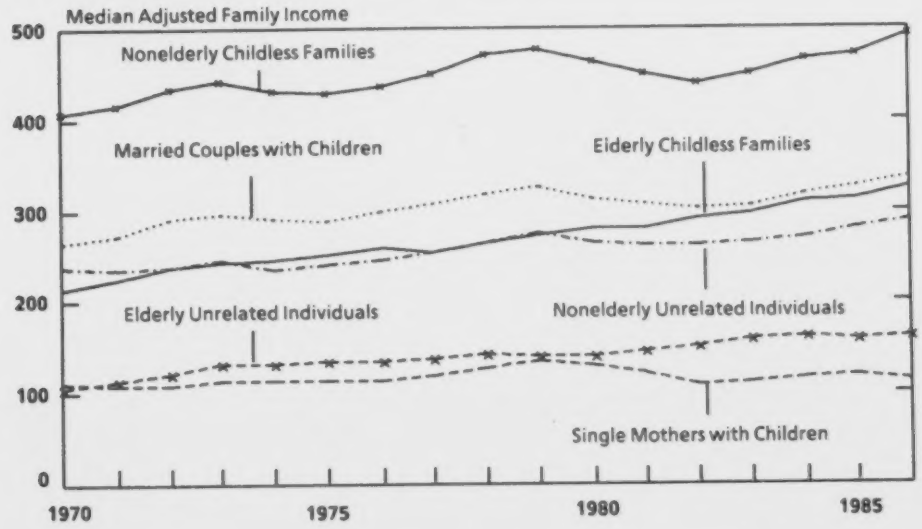
By 1986, different rates of income growth had broadened the range: the median income of single mothers was still only slightly above their adjusted poverty lines, while that of elderly unrelated individuals had climbed about 50 percent to more than one and one-half times their adjusted poverty thresholds and that of nonelderly childless families had grown about 20 percent to nearly five times their adjusted poverty levels. For the elderly, whose median AFI grew fastest, the upward trend was fairly steady throughout the 16-year period (see Summary Figure 4). Other groups were more subject to economic tides that caused incomes to fall in recessions in the mid-1970s and the early 1980s and rise during intervening upswings, including the current recovery that began in 1983.

Particular trends highlight these shifts in income during the 1970-1986 period:

Income Inequality

- AFI fell sharply for low-income, single-mother families with children. While AFI rose at every income level for married couples with children and childless families, for low-income, single mothers with children it rose by one-sixth between 1970 and 1977 and then fell one-fourth over the next nine years, for an overall drop of 13 percent. As a result, in 1986, one-fifth of all families composed of a single mother and her children had less than half the income needed to live at the poverty level.

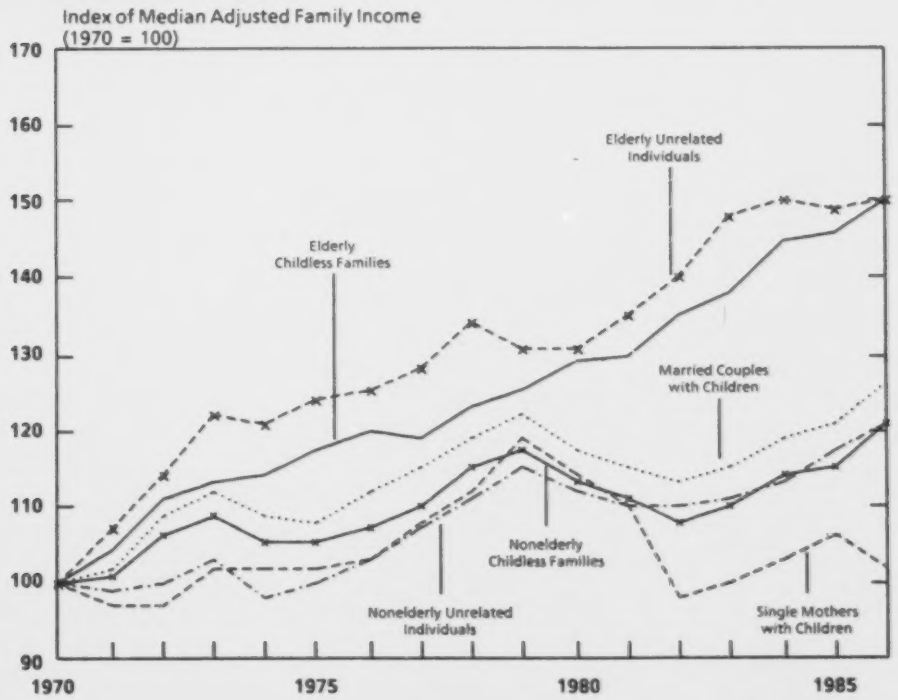
Summary Figure 3.
Trends in Median Adjusted Family Income, by Family Type, 1970-1986



SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

- Income growth sharply reduced poverty among the elderly, but the poverty rates of other groups experienced little change. The fraction of elderly unrelated individuals with incomes below the adjusted poverty line fell by more than half from 46 percent in 1970 to 20 percent in 1986, while that of elderly childless families was cut from 14 percent to 4 percent. In contrast, the adjusted poverty rate of single mothers with children fluctuated around 45 percent throughout the period.

Summary Figure 4.
Trends in Median Adjusted Family Income, Relative to 1970 Median Adjusted Family Income, Selected Family Types, 1970-1986



SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

- Income inequality increased for families with children and for nonelderly childless families over the entire 16-year period. Furthermore, for all major family types, inequality grew between 1979 and 1986. While high- and low- income families had roughly comparable gains in income during most of the 1970s, the incomes of low-income families rose only slightly or fell between 1979 and 1986, while incomes of wealthier families rose sharply. The greater inequality was especially pronounced for single mothers with children.

Age of Family Head

- Median AFI grew fastest for the elderly, but fell sharply for the youngest families. The median adjusted income of families headed by people age 65 and over grew by more than 50 percent. In contrast, the median adjusted income of families headed by people under age 25 dropped nearly 20 percent, with the entire decline coming since 1979.

- Young, low-income families with children suffered marked income losses between 1970 and 1986. As a result, two-fifths of all young families with children had incomes at or below half of the poverty level in 1986.

- Income inequality increased for all age groups except the elderly. Among the youngest families, for example, the 20th percentile AFI fell by more than one-third, compared with an 18 percent drop in the median AFI and a 5 percent dip in the 80th percentile. On the other hand, adjusted incomes became slightly more equal among the elderly over the full 16-year period, but even for that group, inequality increased between 1980 and 1986.

Employment

- Median AFI increased--by between 12 percent and 37 percent--for all family types with at least one full-time, full-year worker. On the other hand, the median adjusted in-

comes of families with children and no such workers fell by more than 10 percent.

Sources of Income

- Private income other than earnings and non-means-tested transfers such as Social Security became more important as income sources for middle-income families, while earnings made up a smaller share of their total income. In contrast, income sources changed only slightly for low-income families as a group.

- Means-tested transfers such as Aid to Families with Dependent Children (AFDC) became a greater income source for low-income families with children, while less of their income came from earnings. On the other hand, middle-income, single mothers with children received an increasing fraction of their income from earnings over the period.

- Income of the elderly continued to be dominated by non-means-tested transfers, primarily Social Security. The share of these transfers rose slightly, earnings declined, and other private income increased among elderly family units with middle incomes.

FACTORS AFFECTING FAMILY INCOME

Many factors affect family income, but four appear to have been particularly important in recent years. Macroeconomic conditions have perhaps the greatest influence, through the effects of the business cycle on earnings and property income and through the inverse relationship between transfer payments and economic conditions. Government policies directly affect transfer payments and indirectly influence other income sources through their impact on the general economy as well as on people's behavior. Demographic characteristics of the population help determine family income levels, in part through the effects on family composition and in part through the age distribution of workers. Finally, labor market behavior--specifically

the number of earners in each family--has a major impact on total family earnings.

Some specific factors were particularly important in determining income trends between 1970 and 1986:

Macroeconomics

- Much of the fluctuation in adjusted family income resulted from macroeconomic conditions. The significant drops in median AFI in the mid-1970s and early 1980s correspond closely to periods of sharply rising unemployment. Overall, however, both income and the unemployment rate moved upward over the 16-year period.

Government Transfers

- Changes in government transfer policies strongly influenced income changes for affected groups. For example, much of the rapid growth in income for the elderly resulted from policies that increased Social Security payments.

Demographics

- Demographic shifts in family composition caused the median income for all families to be lower than it would otherwise have been. Unrelated individuals under age 65 and single mothers with children became relatively more common over the 16-year period. Their generally lower incomes pulled down the median income of all families, independent of the income changes of individual types of families.

- Median family incomes were lower than they otherwise would have been because families were generally younger. As the baby-boom generation left their parents' homes, the average age of family heads declined. Median family incomes were depressed, both because incomes are lower at the

beginning of careers and because earnings were held down by the number of new workers entering the labor force.

Employment

- Among nonelderly families, an increase in the average number of full-time, full-year workers appears to have been the principal reason that incomes rose. For example, the fraction of married couples with children that had two such workers climbed from 14 percent in 1970 to 26 percent in 1986. This rise offset the fact that earnings did not keep pace with inflation for some workers. At the same time, among low-income families, the average number of workers did not increase, and they experienced less growth in income than other families.

In combination, these factors led to the trend of rising family incomes since 1970. While families as a whole were markedly better off in 1986 than they had been 16 years earlier, however, some types of families, particularly low-income, single mothers with children and families with heads under age 25, became worse off during the period. These income patterns resulted in greater inequality of incomes among families in 1986 than in 1970.

CHAPTER I

MEASURING FAMILY INCOME

Trends in family income over the past two decades have been the topic of many discussions. A commonly expressed view is that while family incomes rose rapidly and consistently in real terms from shortly after World War II until the early 1970s, little or no real growth has taken place since that time. This assertion is based on the trend in Bureau of the Census estimates of median family income, adjusted for inflation by the Consumer Price Index (CPI) (see Figure 1).1/ From this trend, some analysts have drawn pessimistic inferences about the lack of economic growth, the worsening of jobs, and the failure of government policies.

In fact, however, the basic conclusion about family incomes is misleading for a number of reasons. First, it does not account for differences in family size that have important effects on the adequacy of incomes. Second, the adjustment for inflation that was used overstates the actual erosion of the purchasing power of the dollar. Furthermore, the income measure employed includes only cash income, and thus ignores the significant and rapidly growing part of full income that is in kind--such as food stamps or health insurance. Finally, the use of pretax income omits the changing effects of direct taxes. Lack of appropriate family-level data precludes correcting these last two shortcomings of the conventional measure of family income, but income can be adjusted to account for family size and

---

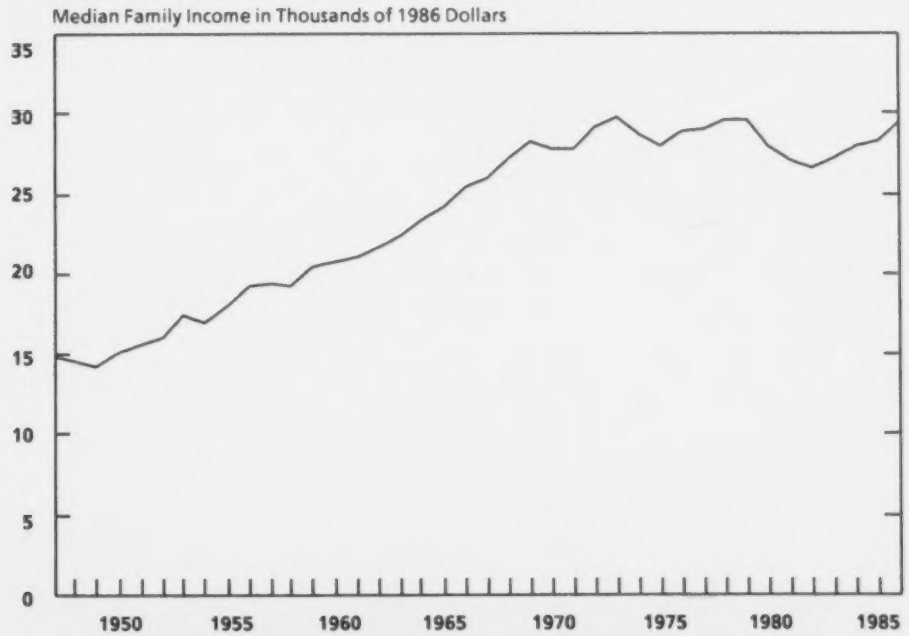
1. Unlike income measures used elsewhere in this paper, median family income shown in Figure 1 includes only families as defined by the Bureau of the Census--that is, only groups of two or more related people living together. It excludes unrelated individuals--those people not living with relatives. Including the latter group would make the trend since 1970 look worse, as can be seen by comparing Figures 1 and 2.

   Real median family income increased at a 3.1 percent average annual rate between 1949 and 1973, declining in only 3 of the 24 years. Between 1973 and 1986, however, the measure has moved up and down irregularly with declines in 6 of the 13 years. During this latter period, real median family income fell by more than 10 percent by 1982, before regaining virtually the entire loss during the last four years. See Appendix Table B-1.

inflation. Once those adjustments are made, a quite different conclusion about family income becomes apparent: median family income have continued to grow since 1970, albeit more slowly than in earlier years and at widely differing rates for different groups. At the same time, the group of families with children that is at the bottom of the income distribution is markedly worse off now than the corresponding group was 16 years earlier.

This paper analyzes what has happened to family incomes since 1970, comparing the experiences of different types of families. The adjusted family income measure used in the analysis corrects both for family size and for inflation, but does not take account of either in-kind income or taxes. While much of the discussion is descriptive, possible explanations for the observed trends in income are suggested.

Figure 1.
Trend in Real Median Family Income, 1947-1986



SOURCES: Bureau of the Census, *Money Income of Households, Families, and Persons in the United States: 1984*, Current Population Reports, Series P-60, No. 151 (April 1986), p. 29; *Money Income and Poverty Status of Families and Persons in the United States: 1986*, Series P-60, No. 157 (July 1987), pp. 11 and 38.

ISSUES IN MEASURING FAMILY INCOME

Family income trends are most commonly tracked by looking at real median family cash income over time, but using this measure to assess income trends poses a number of problems. First, median family income is not the appropriate statistic to use in evaluating well-being when family size and composition have changed as they have over the last two decades. Other measures, specifically those that take into account the reduced needs of smaller families, are better for this purpose. Second, incomes have generally been adjusted for inflation with the CPI. Because technical flaws in this particular price index made it rise more rapidly than other indicators of inflation since 1970, its use makes the growth in real incomes look lower than it actually was.

Third, measures of well-being have included only cash income; income received in kind has been ignored. Yet, noncash benefits have provided a growing share of total income over the last two decades, and omitting them overstates losses or understates gains in family incomes. Finally, even though after-tax income more accurately measures a family's purchasing power, pretax income is generally used as the indicator. Because of both "bracket creep" and rising payroll taxes, the share of income going for taxes rose between the mid-1960s and the early 1980s, before dipping slightly in more recent years. Thus, the well-being of most families rose less quickly than changes in their pretax incomes indicate for the bulk of this period, with the reverse occurring since 1981.

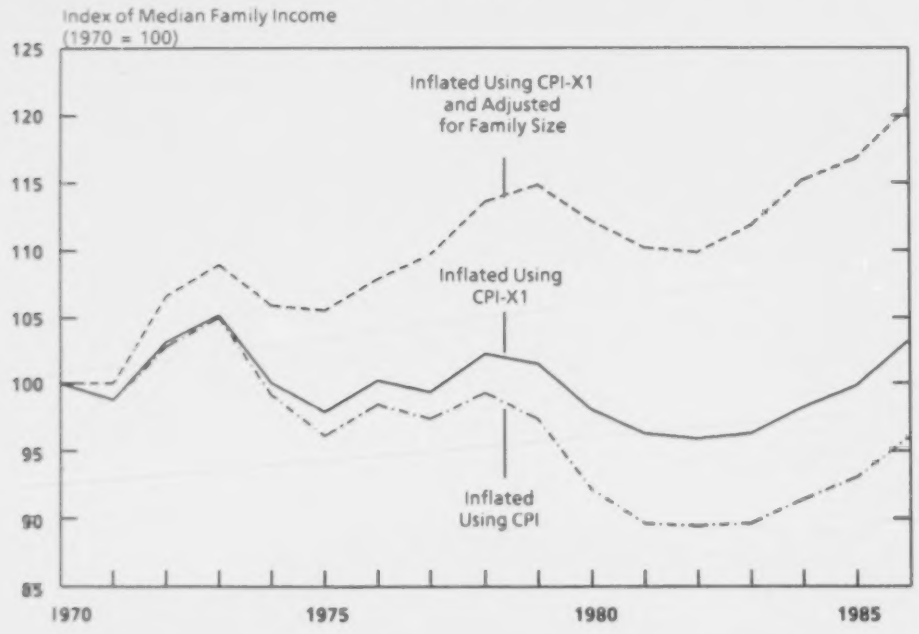
Unfortunately, appropriate family-level data on taxes and in-kind income do not exist for the entire period covered by this analysis. Therefore, as an income measure, this study uses family cash income before taxes, measured as a percentage of the relevant poverty threshold; this measure is termed adjusted family income (AFI).2/ To take account of price inflation, the analysis has indexed poverty thresholds since 1967 by using the CPI-X1 as an alternative to the Consumer

2. The data on family incomes are from the Current Population Survey (CPS). While this is the best available source for income data, its shortcomings limit the accuracy of the analysis. Most significantly, survey respondents--particularly the elderly--fail to report their full incomes, so the data underestimate their true well-being. At the same time, the degree of income underreporting--after imputations by the Bureau of the Census--has changed little over time, so this problem may have only a small impact on the analysis of income trends. See Appendix D for further discussion of the CPS.

Price Index. Such thresholds are therefore referred to as "adjusted poverty thresholds."

The trend in median adjusted family income for all families and unrelated individuals is quite different from the trend in the unadjusted measure, as shown in Figure 2. While the median income of all units--inflated using the CPI and not adjusted for family size--declined by about 4 percent between 1970 and 1986, the median AFI grew by roughly 20 percent. In 1986, just under one-third of the difference stemmed from the revised inflation indicator--the CPI-X1--and more than two-thirds from adjustments for family size. Nearly all of the difference between the two trends occurred before 1981.

Figure 2.
Median Family Income Using Alternative Adjustments for Price Change and Family Size, 1970-1986



SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

Adjustments for Family Size

Median income--the income of the middle family or individual in a ranking by income of all families or individuals--is usually preferred over mean--or average--income as an indicator of family well-being because it gives less weight to very large or very small incomes. In general, mean income is significantly higher than median income. Both measures fail, however, to take account of differences in family needs arising from differences in family size. This failure matters both when one compares groups with differing family size and when one looks at income over time for groups with changing family size.

Analysts can use two basic approaches to adjust incomes to take account of differing family needs. First, incomes can be measured on a per- capita rather than a family basis. This approach will remove all differences based on family size, including the economies of scale that come from people living together and sharing living costs. In particular, using per-capita income to adjust for differences in needs assumes implicitly that it costs twice as much for two people living together to maintain the same level of well-being as for one person living alone. Because economies of scale exist, this approach understates the well-being of larger families relative to that of smaller families, thus overcompensating for differences in family size.

The second approach uses an equivalence scale to make incomes comparable for families of different sizes. The purpose of such an equivalence scale is to take account directly of the differing needs of families of different sizes; while needs rise with family size, the increase in needs caused by an additional member is less for larger families than for smaller ones. Although analysts disagree over which equivalence scale should be used for this purpose, one readily available candidate is that scale implicit in the official federal poverty thresholds. This scale assumes, for example, that a family of four needs about twice as much income as a single person to maintain an equivalent standard of living (see Table 1).

Although the scale implicit in the poverty thresholds may not be an accurate indicator of the disparate needs of families of different sizes, it probably yields a better assessment of relative well-being than either unadjusted or per-capita measures. Figure 3 compares the three approaches, using median family incomes for 1984. The analy-

sis in this paper adjusts incomes for differences in family size by dividing cash incomes by the appropriate poverty thresholds, and thus uses the needs equivalence scale implicit in those thresholds to define adjusted family incomes.

Adjustments for Inflation

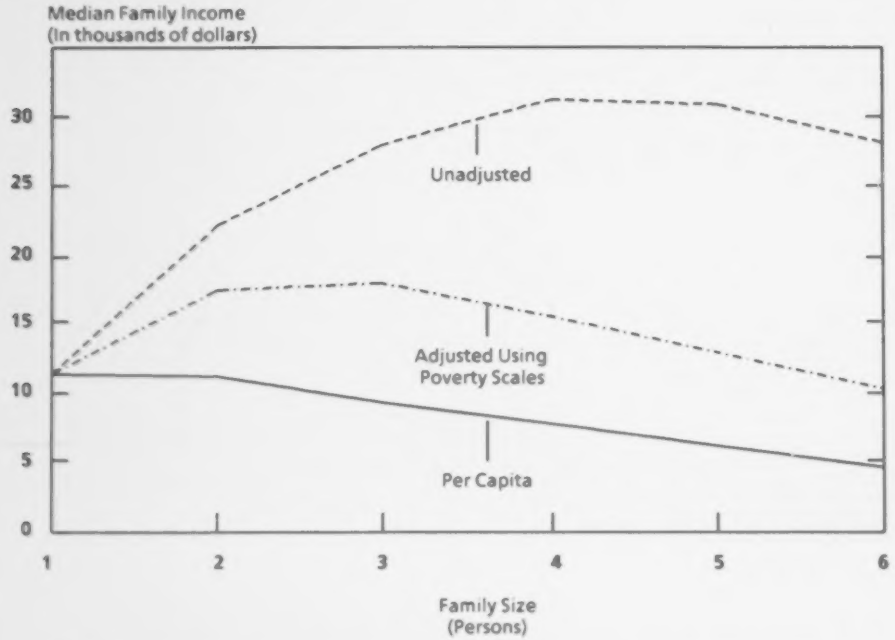
To assess economic well-being, two adjustments for inflation are required: first, incomes from different years need to be made comparable by evaluating them in dollars with the same purchasing power; second, the equivalence scale used to adjust for family size differences--poverty thresholds, in this analysis--has to be updated to take account of increases in living costs. In both cases, the adjustment for inflation is generally made using the CPI, an index of the cost of a market basket of goods and services representing the average

TABLE 1. FAMILY SIZE EQUIVALENCE SCALES IMPLICIT IN OFFICIAL POVERTY THRESHOLDS

Family Size (Persons)	Equivalence Value (One Person = 1)	Increase From Next Smaller Family Size
1	1.00	---
2	1.28	0.28
3	1.57	0.29
4	2.01	0.44
5	2.38	0.37
6	2.69	0.31
7	3.05	0.36
8	3.38	0.34
9 or more	4.04	0.65

SOURCE: Derived from Bureau of the Census, *Money Income and Poverty Status of Families and Persons in the United States: 1985 (Advance Data From the March 1986 Current Population Survey)*, Current Population Reports, Series P-60, No. 154 (August 1986), p. 33.

Figure 3.
Median Family Income by Family Size Using Alternative Adjustments for Family Size, 1984



SOURCE: Bureau of the Census, *Money Income of Households, Families, and Persons in the United States: 1984*, Current Population Reports, Series P-60, No. 151 (April 1986), pp. 26 and 35.

consumption of the urban population.3/ To the extent that the CPI accurately measures changes in living costs, inflating poverty thresholds or past-year incomes with the CPI is appropriate.

Unfortunately, through 1982, the CPI measured housing costs in a way that led to excessive growth in the index during the late 1970s when interest rates increased rapidly. In particular, the housing

3. Before 1969, poverty thresholds were adjusted using the CPI for food items only. Since that time, the CPI for all items has been used.

The market basket used in calculating the CPI, defined on the basis of Consumer Expenditure Survey data on consumption patterns, has until recently been held constant for extended periods, with updating taking place only about once each decade. Because it does not account for changes in consumption patterns between updates, the CPI--like all fixed-weight price indices--mismeasures changes in the cost of living.

component of the CPI gave inordinate weight to the costs of newly purchased houses, including both the purchase price and mortgage interest rates, as well as property taxes, insurance, and maintenance costs. This approach picked up both the flow of services and the investment aspects of homeownership, but only the former is appropriate in an index measuring consumption costs. Because of the large weight assigned to homeownership costs, many analysts think that the CPI overstated the true rise in living costs in the late 1970s. Using it to adjust poverty thresholds or incomes for inflation has consequently made families appear to be worse off than they really are.

In 1983, the Bureau of Labor Statistics began using a revised method to calculate the CPI, known in experimental analyses and referred to as CPI-X1. This revised method uses estimates of the cost of renting equivalent housing to measure homeownership costs. This "rental equivalence" approach incorporates only the consumption aspects of owning a home, not the investment aspects, and consequently is less affected by changes in housing prices and mortgage rates. In addition, the relative importance of homeowner-ship costs in the CPI-X1 is only about half of that in the CPI. Estimates have been made of the values this revised index would have taken, had it been in place since 1967; these values provide an alternative price index for adjusting both poverty thresholds and incomes for inflation.4/ Between 1967 and 1985, the CPI rose roughly 10 percent faster than the CPI-X1.5/

Because of the greater accuracy of the CPI-X1, this study uses it to adjust both incomes and poverty thresholds for the effects of inflation, though other price indices might have been used to make inflation adjustments. For example, some analysts have chosen the Personal Consumption Expenditure (PCE) implicit price deflator from the National Income and Product Accounts, a price index based on the current-year consumption patterns of all Americans.6/ Others prefer the

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4. See John C. Weicher, "Mismeasuring Poverty and Progress," American Enterprise Institute, unpublished manuscript, revised April 15, 1986.

5. Note that this divergence of the two price indices occurred entirely between 1967 and 1983. Since that time, the official CPI has followed the CPI-X1, because both have been calculated using the same methodology.

6. See, for example, Social Security Administration, Office of Research, Statistics, and International Policy, "Changes in the Money Income of the Aged and Nonaged, 1967-1983," *Studies in Income Distribution*, no. 14 (September 1986).

gross national product (GNP) deflator, which uses the composition of all produced goods and services to weight individual prices into an index. Because it is based on the prices of both consumption and non-consumption goods, however, the GNP deflator is not appropriate for indexing family incomes. Figure 4 shows how these indices and the CPI-X1 have varied relative to the official CPI since 1967. Over the 19-year period, the PCE deflator and the CPI-X1 were quite similar, while the GNP deflator rose more and experienced wider swings.7/

A final note is in order with regard to poverty thresholds and inflation adjustments. Any set of poverty thresholds is arbitrary in that it is implicitly based on a particular concept of what constitutes a minimally adequate income. Reasonable people differ in how they define poverty, and definitions change over time to reflect what poverty is perceived to be. As a result, for any single year, it is relatively arbitrary what thresholds are used or how they are derived from the previous year's thresholds; thresholds simply define what poverty is.8/ How one year's thresholds relate to those of other years is important, however, when making comparisons over time; if such comparisons are to have any meaning, they must be based on thresholds that represent the same concept of poverty. Thus, while adjustments of poverty thresholds for inflation matter relatively little for any given year, they are crucially important for temporal comparisons.9/

Noncash Income

A family's well-being is determined not only by its cash income, but also by any noncash income it receives. Yet, analyses of how families have fared over time generally ignore noncash benefits, both those received from employers in the form of fringe benefits and those pro-

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7. Adjusted family incomes reported in this study would be about 1 percent lower in 1986 if the PCE deflator were used to index incomes, and about 6 percent lower if the GNP deflator were used.

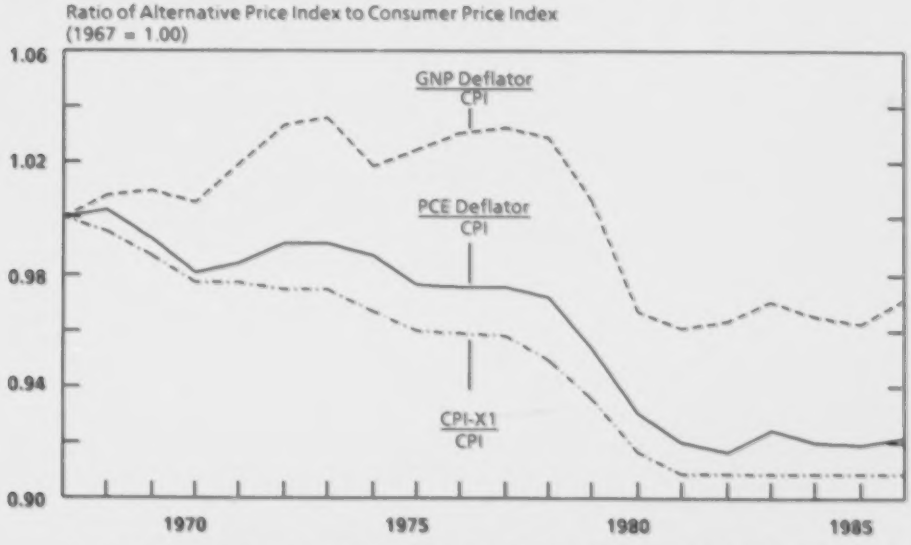
8. The relationships between poverty thresholds for different types of families are, however, important for single-year comparisons. The central issue is differences in living costs for different family types, arising from variations in size, composition, and prices paid for consumption goods. The thresholds currently used account only for differences in family size, number of children, and--for one-person and two-person families only--whether the family head is under age 65.

9. Of course, what poverty thresholds are used has obvious effects on the poverty rate, but this again simply reflects the arbitrary nature of the thresholds.

vided through social welfare transfer programs. As a result, such analyses understate how well off families are. Also, because in-kind income has grown as a share of personal income, omitting it from income comparisons over time means that the understatement becomes progressively greater, the longer the period of observation. As shown in Figure 5, in-kind income--employer-provided benefits and government transfers--increased from 11 percent of personal income in 1970 to about 18 percent in 1984.

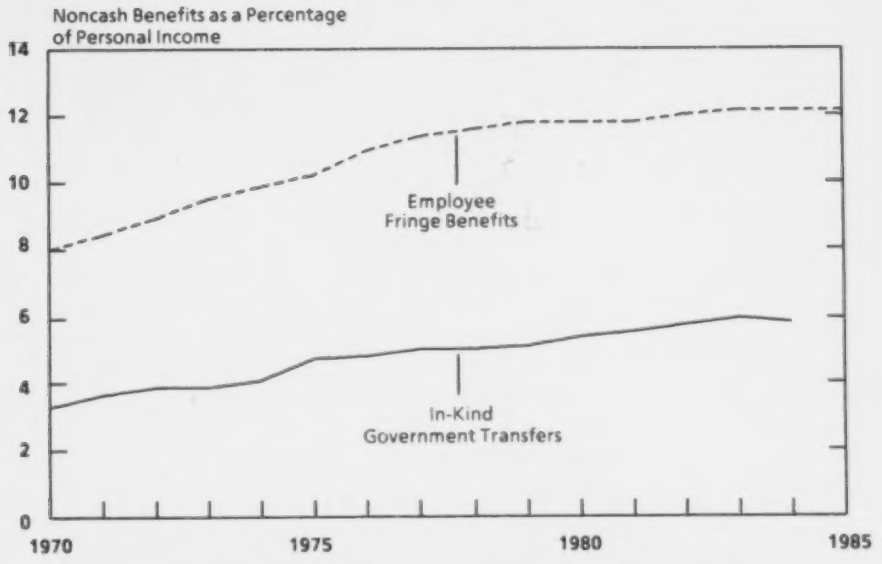
Unfortunately, it is not possible to include noncash benefits in income distribution calculations because the necessary family-level data do not now exist. While information is available about the aggregate amounts of employer-provided fringe benefits, no large-scale data sets allocate such benefits among individuals. As part of its Current

Figure 4.
Comparison of Alternative Price Deflators Relative to the Consumer Price Index, 1967-1986



SOURCES: Derived from data in the *Economic Report of the President* (U.S. Government Printing Office, January 1987), pp. 251 and 307, and John C. Weicher "Mismeasuring Poverty and Progress," the American Enterprise Institute, unpublished manuscript (April 1986).

Figure 5.
Noncash Benefits as a Percentage of Personal Income, 1970-1985



SOURCES: *Economic Report of the President* (U.S. Government Printing Office, January 1987); Statistical Abstract of the United States, various issues.

Population Survey (CPS), the Bureau of the Census has been collecting information about receipt of in-kind transfers from the government--such as Medicaid, Medicare, food stamps, and housing assistance--but only since 1980. While these benefits could be included in total income estimates, the omission of most noncash income from private businesses would skew the income distribution toward low-income families, thus giving an inaccurate picture of the well-being of families across the income scale and over time. Consequently, this analysis omits all in-kind income from its dollar-value estimates.10/ Thus, it is important to keep in mind that this omission understates family well-being for any given period and that trends in family incomes probably appear worse than they actually are.

10. In addition, if in-kind benefits were to be counted as income, the analysis would require a procedure for valuing those benefits in dollars. While some items--such as food stamps--are relatively easy to value, others are both more difficult and more controversial. Analysts disagree for example, about how to value medical benefits from employer-provided insurance, Medicaid, and Medicare.

Taxes

While analyses of trends in family well-being are generally based on income before taxes, after-tax income would provide a better measure of the resources available to families to meet their needs. Both income and payroll taxes reduce disposable income; using pretax income therefore overstates how well off families are.11/ In terms of examining trends over time, this factor would not matter if taxes remained a fixed fraction of income. Between 1970 and 1986, however, the Social Security tax rates increased by nearly half, and the maximum amount of earnings subject to the tax roughly doubled in real terms. Over the same period, the percentage of income paid in federal income taxes fluctuated between 13 percent and nearly 17 percent with a generally upward trend until the 1981 tax reduction. At least until recent years, ignoring taxes would thus have caused trends in family income to look better than they have actually been.

Again, the lack of appropriate family-level data makes this problem difficult to solve. Only since 1980 has the Bureau of the Census provided annual estimates of income and payroll taxes paid by families in their CPS files. To account for taxes before that time would require developing tax simulation programs that would be of limited use. Therefore, the following analyses are based on pretax incomes; as a result, the growth in family well-being throughout the 1970s is overstated, while the growth in more recent years is understated.

11. Measuring income before taxes omits only the effects of direct taxes such as payroll and income taxes. The impact of indirect taxes, such as excise and sales taxes, is taken into account through their effects on prices. The same is true of corporate taxes, at least to the extent that they are shifted to consumers in the form of higher prices.

CHAPTER II

FAMILY INCOME IN 1986

The median income of all families in 1986--adjusted for inflation using the CPI-X1--was just over three times the adjusted poverty threshold, the highest level attained since detailed income data became available in the late 1960s.1/ This aggregate figure, however, masks a wide variation in incomes among family types and age groups, and it gives no indication of the distribution of income among families. While most families had incomes that were well above adjusted poverty levels, the majority of single mothers with children were either below or just above the adjusted poverty line; if they were under age 35, they were more likely than not to be poor. At the other extreme, the median income of middle-aged families without children was more than five times the adjusted poverty threshold.

Because looking only at the population as a whole can generate misleading conclusions, much of the following analysis examines individual types of families. It discusses five basic family types--incorporating both families and unrelated individuals as shown in Figure 6. These family types are defined as follows:2/

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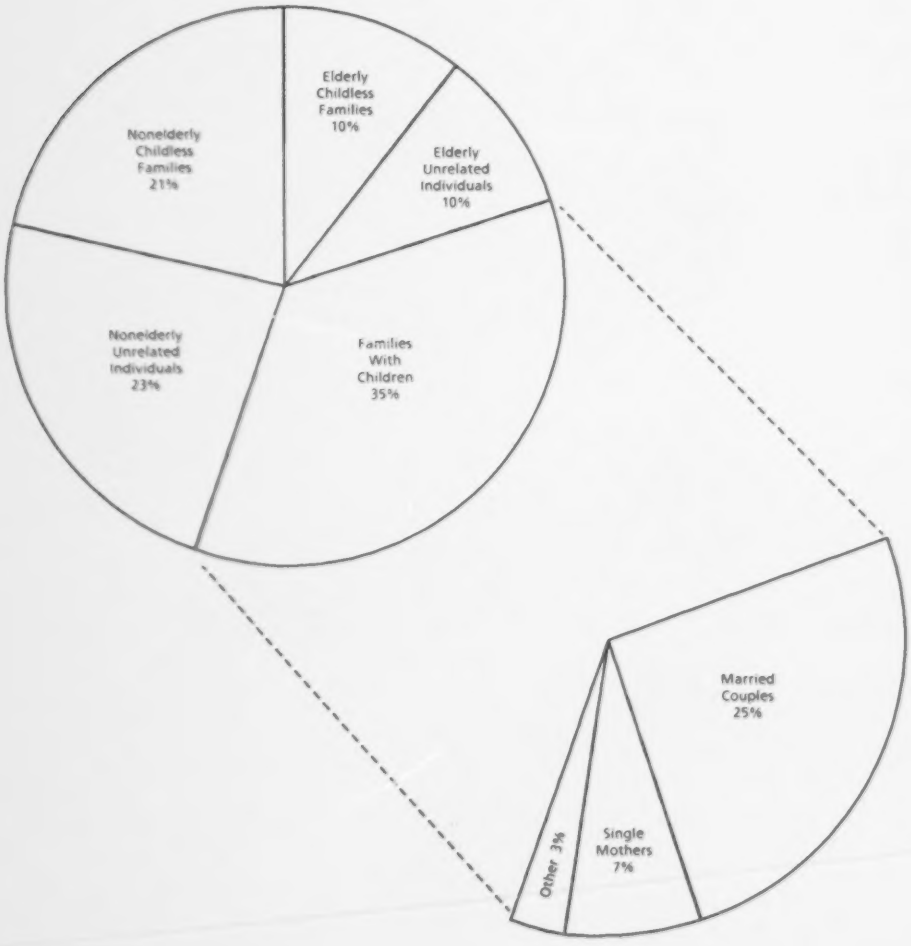
1. Two "adjusted" measures are used in this analysis:

   - o Adjusted poverty thresholds are identical to the official poverty thresholds except that they are adjusted for inflation since 1967 using the CPI-X1 rather than the CPI; and
   - o Adjusted family income is cash family income before taxes, measured as a percentage of the appropriate adjusted poverty threshold.

   See Chapter I for further discussion.

2. While these family units are generally referred to in this paper as "families," not all of them are families under the definitions used by the Bureau of the Census. In particular, unrelated individuals--people not living with any relatives--are included as two of the family types. On the other hand, the Census Bureau counts as families only groups of two or more related people living together.

Figure 6.
Distribution of Families by Family Type, 1986
(As a percentage of all families)



SOURCE: Congressional Budget Office tabulations of March 1987 Current Population Survey data.

- Families with Children: families composed of two or more related people living together, at least one of whom is under age 18 and not married (34.3 million families in March 1987);

- Nonelderly Childless Families: families composed of two or more related people living together, in which neither the family head nor the spouse of the family head is age 65 or over, and there are no children under age 18 (20.7 million families);

- Nonelderly Unrelated Individuals: people over age 17 and under age 65 who are not living with relatives (22.4 million families);

- Elderly Childless Families: families composed of two or more related people living together, in which either the family head or the spouse of the family head is at least 65 years old, and there are no children under age 18 (10.1 million families); and

- Elderly Unrelated Individuals: people age 65 and over who are not living with relatives (9.2 million families).

In addition, for some specific analyses, families with children are separated into three subgroups:3/

- Married Couples with Children: families composed of a married couple living only with their own children, at least one of whom is under age 18, or related children under age 18, or both (24.4 million families);

- Single Mothers with Children: families composed of unmarried mothers (including those never married, widowed, divorced, or separated) living only with their own children,

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3. Some families classified as married couples with children or as single mothers with children include families that should be counted as "other families with children." For example, a family headed by an unmarried woman and containing only herself, her grown daughter, and the daughter's child under age 18 would be classified as a single-mother family with children. Such a three-generation family should properly be classified as an "other family with children." These misclassifications appear, however, to have little effect on the income data reported in this study.

at least one of whom is under age 18, or related children under age 18, or both (6.9 million families); and

- Other Families with Children: all other families with at least one member under age 18 (3.0 million families).

Finally, at times, all family types are combined into a single group:

- All Families: all families or unrelated individuals. This category combines all of the family types listed above. It differs from the Bureau of the Census definition of families in that it includes unrelated individuals as families with just one member (96.6 million families).

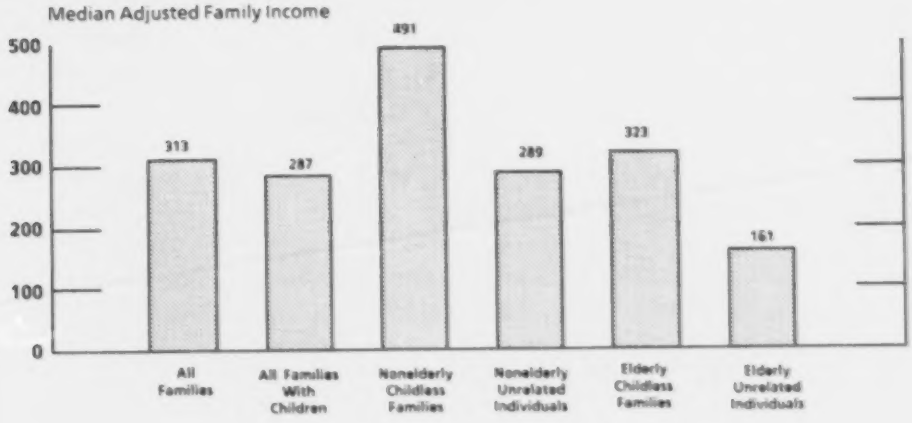
INCOME BY FAMILY TYPE

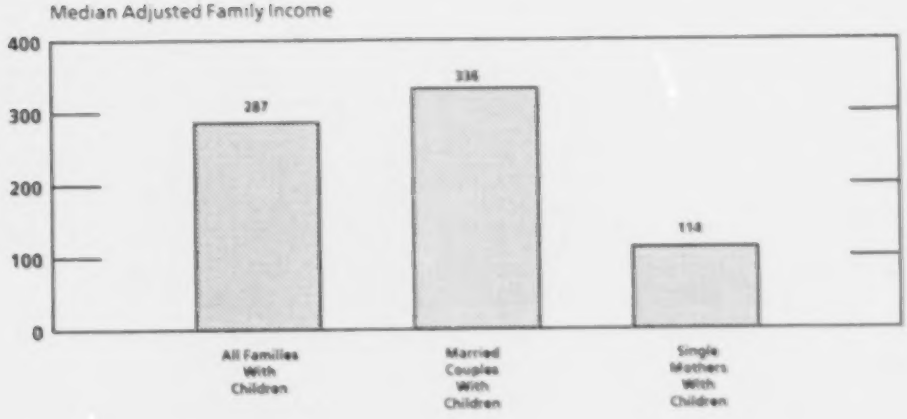
Adjusted family incomes in 1986 varied widely by family composition. Single mothers with children and elderly people not living with relatives were worst off, while nonelderly families without children had the highest incomes relative to adjusted poverty thresholds.

Median Family Income

Median incomes in 1986 varied from only slightly above the adjusted poverty level for single mothers with children to nearly five times the adjusted poverty thresholds for nonelderly childless families (see Figure 7). All families with children and nonelderly unrelated individuals were near the middle of this range, with median incomes just under three times their respective adjusted poverty thresholds. Families with children, however, showed wide divergence in median income levels; married-couple families were at more than three times adjusted poverty, compared with only about 15 percent above adjusted poverty for single mothers. The elderly in families had significantly higher incomes than their counterparts not living with relatives: the median income of elderly childless families was more than three times the adjusted poverty level, while that of elderly unrelated individuals was only about one and one-half times the adjusted poverty level.

Figure 7.
Median Adjusted Family Income by Family Type, 1986





SOURCE: Congressional Budget Office tabulations of data from the March 1987 Current Population Survey.

This inequality in incomes among family types was further evidenced by the fact that 46 percent of single mothers with children were below adjusted poverty in 1986, compared with just 7 percent of married couples with children and 4 percent of both elderly and nonelderly childless families. Unrelated individuals also had high poverty rates: 18 percent of those under age 65 and 20 percent of their elderly counterparts had incomes below the adjusted poverty line.4/

Distribution of Incomes within Family Types

The distribution of incomes within family types also varied markedly.5/ Incomes among married couples with children, for example, were more equally distributed than incomes among single mothers with children. For married couples, incomes clustered fairly tightly around their median, while single mothers were more likely to have incomes significantly lower or higher than their median. Similarly, among nonelderly family units, the incomes of unrelated individuals were more unequal than those of childless families. The reverse was true for elderly units: the incomes of unrelated individuals were highly concentrated near their median, while those of elderly families showed greater dispersion.

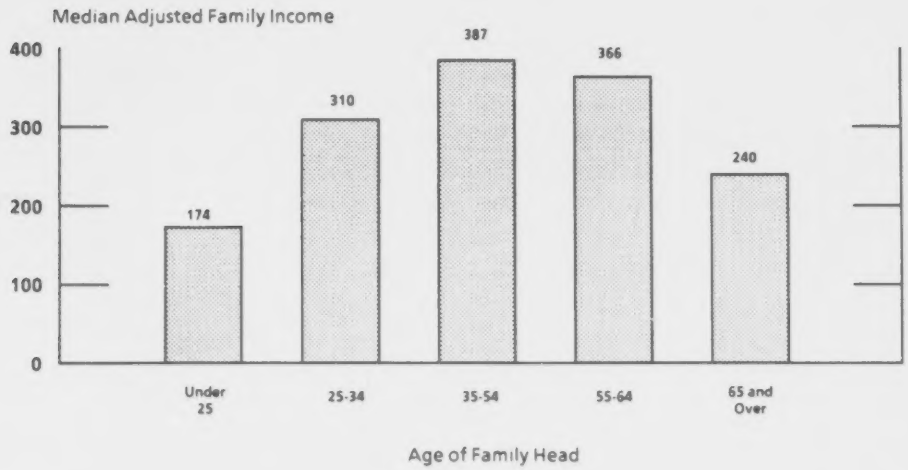
INCOME BY AGE OF FAMILY HEAD

Family incomes as a percentage of poverty in 1986 rose with the age of the family head through middle age before declining when family heads were in their late fifties or older. Among all families, median income was lowest--less than twice the poverty level--for those with heads under age 25 (see Figure 8). The median then rose to a peak of nearly four times poverty for families whose heads were between 35 and 54, and declined to under two and one-half times poverty for fami-

4. See Appendix C for additional data on poverty rates.

5. Figures depicting the 1986 income distributions for the various family types are presented in Appendix E.

Figure 8.
Median Adjusted Family Income by Age of Family Head, 1986



SOURCE: Congressional Budget Office tabulations of data from the March 1987 Current Population Survey.

lies with elderly heads. Similar variation occurred within each of the individual family types.6/

FAMILY INCOME BY NUMBER OF WORKERS

The number of workers in a family during a given year depends on how working is defined over a 12-month period. Because this study concerns family incomes, it considers workers with limited job attachments--and, therefore, limited total earnings--as less important to its purposes. As a result, the analysis focuses on full-time, full-year workers--those people who reported that they normally worked at

6. If all childless families are considered, those with elderly heads have median incomes below those with heads in any other age group. The same is true for all unrelated individuals. Appendix Tables A-18 and A-19 provide data on median family incomes by age of family head and family type.

least 35 hours each week and that they were employed at least 50 weeks during the year. Alternative definitions count more people as workers, but there is little difference among these definitions in terms of changes over time in either the average number of workers per family or family incomes by number of workers.7/

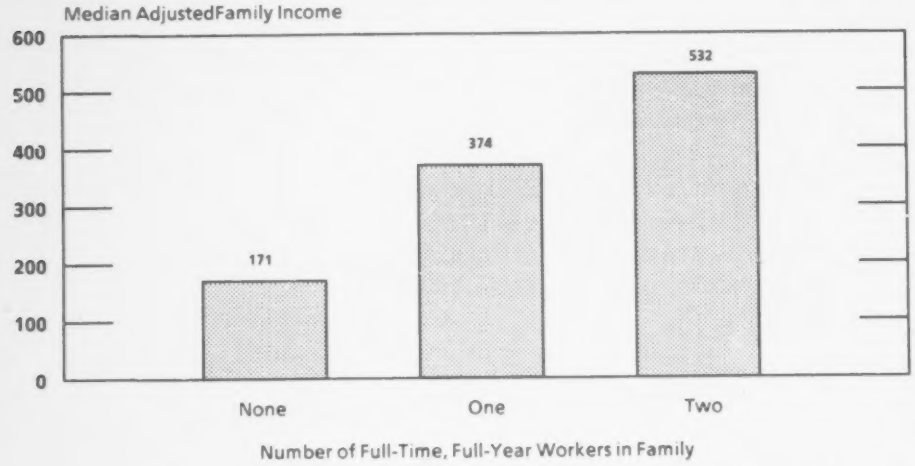
Not surprisingly, family incomes in 1986 increased as families had more members working, although not proportionately. The median income for families with no full-time, full-year workers was somewhat less than twice the poverty level, while families with one such worker had a median income of nearly four times poverty, more than twice as great (see Figure 9). Doubling the number of workers--by adding a second one--raised the median to just over five times poverty, a gain of about 40 percent relative to one-worker families. The smaller income gain as a result of the second worker may derive from the fact that families with more workers are likely to be larger, so their higher incomes are diluted by increased family size.

The number of workers in a family was closely associated with the family's position in the income distribution. Nearly 85 percent of families in the bottom income quintile had no full-time, full-year workers (see Figure 10). By contrast, nearly two-thirds of families in the middle three income quintiles had at least one full-time, full-year worker. Among families at the top of the income distribution, about half had one full-time, full-year worker, and over one-third had at least two.

Median incomes within individual family types also tended to rise with the number of workers, although the major differences discussed earlier in income levels among family types remained. Moreover, families with children needed more workers to reach a given income level: married couples with two full-time workers had a median income roughly equal to that of childless families with just one worker, while the median income of single-mother families with one worker

7. These other definitions include: (1) all people who worked more than 26 weeks during the year, regardless of the number of hours worked per week; (2) all full-time workers, regardless of how many weeks they worked, plus all part-time, full-year workers; (3) all people who reported working at least 500 hours during the year; and (4) people who worked at least 400 hours, earned at least 400 times the minimum wage, or earned at least half as much as their families' principal earners.

Figure 9.
Median Adjusted Family Income by Number of Family Members Working Full-Time, Full-Year, 1986



SOURCE: Congressional Budget Office tabulations of data from the March 1987 Current Population Survey.

was less than that of childless families with no workers.8/ Despite these differences among family types, having a single full-time, full-year worker increased the median family income by at least one and one-half times the poverty threshold for every type of family.

SOURCES OF INCOME

Because macroeconomic conditions and public policies can have varying effects on incomes of different kinds, it is useful to know what fractions of families' incomes come from various sources. While most families receive the largest share of their income from wages and salaries, significant fractions also come from government transfer payments and investments. This section examines the distribution in

8. See Appendix Tables A-16 and A-17 for median incomes by number of workers and family type.

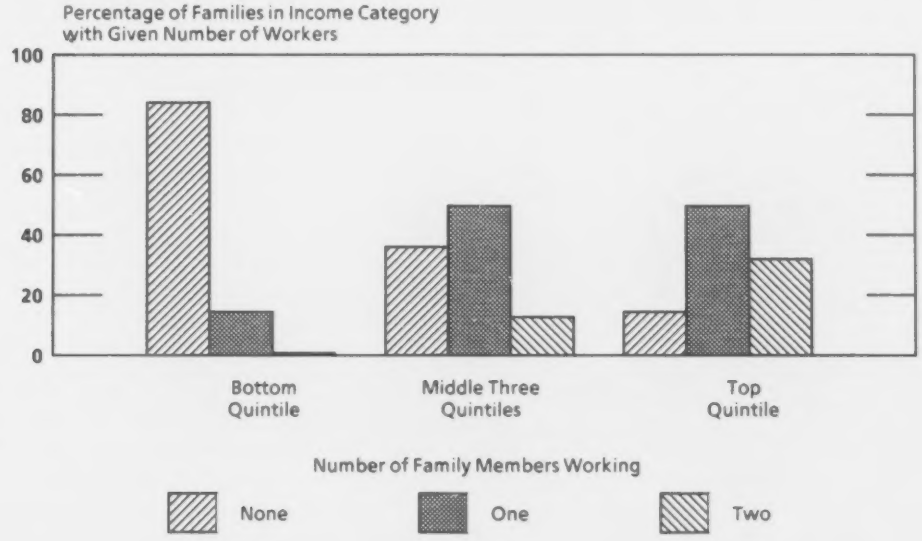
1986 of family income among five major sources to determine the degree to which each contributed to family resources.

The five income sources examined were:

- o Earnings of the primary worker ("Primary Earnings"): income from wages and salaries and self-employment for that family member with the greatest such income.

- o Earnings of other family members ("Other Earnings"): income from wages and salaries and self-employment for all family members other than the primary worker.

Figure 10.
Distribution of Families by Number of Members Working Full-Time, Full-Year, by Income Level, 1986



SOURCE: Congressional Budget Office tabulations of data from the March 1987 Current Population Survey.

- Private income not from employment ("Other Private Income"): rent, interest, and dividend income; private and government pensions and annuities; alimony and child support payments; and any other income received from private sources.

- Non-means-tested government transfers: government transfer payments that are not conditioned on recipients having low incomes. Major sources include Social Security, Unemployment Insurance, and Worker's Compensation.

- Means-tested government transfers: government transfer payments that are provided on the basis of recipients having incomes below specified limits. Major sources include Supplemental Security Income (SSI), Aid to Families with Dependent Children (AFDC), and general assistance.

Incomes reported on the Current Population Survey are reported only as "more than" specified limits when they exceed those limits--often referred to as "top-coding." Consequently, it was not possible to obtain accurate estimates of the distribution of incomes by source for families with high incomes, and thus for the population as a whole.9/ This analysis therefore reports income sources only for two groups, the bottom 20 percent of the income distribution and the middle 60 percent--that is, the bottom quintile and the middle three quintiles.

Earnings, mostly from the primary earner, provided the largest single share of family income for families in each income grouping: 47 percent for those in the bottom quintile and 79 percent for those in the middle three quintiles (see Figure 11). Low-income families were much more reliant on transfer income than were middle-income families, receiving one-fourth of their income from non-means-tested sources such as Social Security and one-sixth from welfare, compared with one-twelfth and a negligible share, respectively, for middle- income families. Other private income accounted for about 12 percent of the income of each group.

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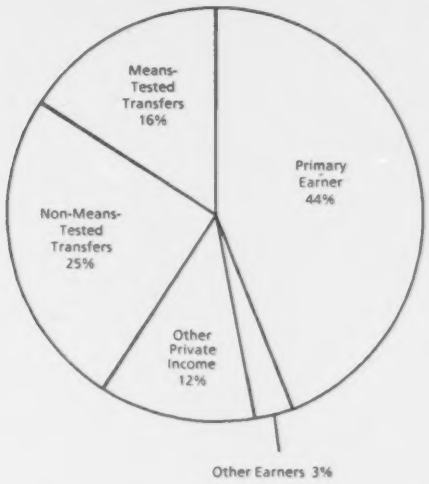
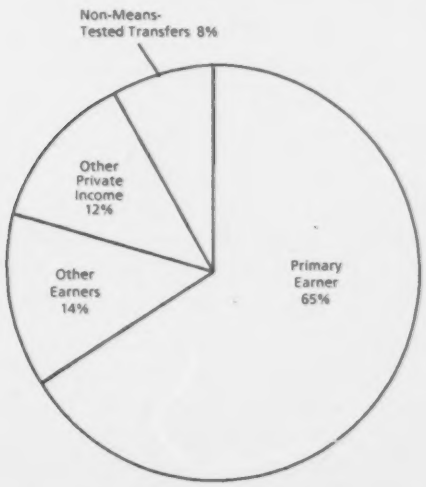
9. See Appendix D for further discussion of limitations of the CPS as a source of income data.

Figure 11.
Distribution of Family Income by Source, by Family Income Level, 1986 (As a percentage of total family income)

Families in Bottom Quintile of Income Distribution



Families in Middle Three Quintiles of Income Distribution a/



SOURCE: Congressional Budget Office tabulations of data from the March 1987 Current Population Survey.

a. Means-tested transfers made up less than 0.5 percent.

TABLE 2. DISTRIBUTION OF FAMILY INCOME BY SOURCE, BY FAMILY TYPE AND INCOME LEVEL, 1986 (In percents)

Family Type	Primary Earner	Other Earners	Other Private Income	Non-Means-Tested Transfers	Means-Tested Transfers	All Sources
Families in Bottom Quintile of Income Distribution						
All Families	44	3	12	25	16	100
Families With Children a/	54	5	9	7	25	100
Married couples	74	10	7	4	5	100
Single mothers	21	1	9	4	65	100
Nonelderly Units b/						
Childless families	56	12	17	12	3	100
Unrelated individuals	53	---	19	12	15	100
Elderly Units c/						
Childless families	6	d/	13	75	5	100
Unrelated individuals	d/	---	8	78	15	100
Families in Middle Three Quintiles of Income Distribution						
All Families	65	14	12	8	d/	100
Families With Children a/	74	19	6	2	1	100
Married couples	74	21	4	1	d/	100
Single mothers	62	4	12	6	16	100
Nonelderly Units b/						
Childless families	63	25	10	2	d/	100
Unrelated individuals	88	---	9	2	d/	100
Elderly Units c/						
Childless families	20	3	35	41	d/	100
Unrelated individuals	4	---	29	65	1	100

SOURCE: Congressional Budget Office tabulations of data from the March 1987 Current Population Survey.

NOTE: Percentages may not sum to 100 because of rounding.

a. This category includes families composed of children living with their single fathers, children living with their parents and other people besides their siblings, and children not living with their parents. Data for such families are not shown separately, however.

b. Units in which the head (and the head's spouse, if any) is under age 65.

c. Units in which the head (or the spouse of the head, if any) is age 65 or over.

d. Less than 0.5 percent.

Different types of families relied on different sources of income in 1986 (see Table 2 on preceding page). For the elderly, non-means-tested transfers were the dominant income source, particularly in the bottom quintile, with nonemployment private income providing most of the remainder; welfare was important only for low-income unrelated individuals. Single-mother families were much more reliant on welfare, especially those with low incomes who received nearly two-thirds of their income from that source. All other groups got at least half of their incomes from earnings, with substantial contributions by secondary workers; middle-income married-couple and childless families received over one-fifth of their income from such workers, while those with low incomes received at least one-tenth.

CHAPTER III

INCOME TRENDS: 1970-1986

Between 1970 and 1986, median adjusted incomes of all major family types increased, albeit more slowly than during the previous two decades and at different rates for different types of families.1/ After adjustments for inflation and family size changes, median adjusted family incomes (AFI) rose by half for elderly families and individuals, compared with 14 percent for all families with children and just 2 percent for single mothers with children.2/ At the same time, among families with children, those with the lowest incomes became worse off over the 16 years: the AFI of the family at the 20th percentile was 12 percent lower in 1986 than in 1970.3/

INCOME TRENDS BY FAMILY TYPE

Between 1970 and 1986, median AFI increased for each of the different family types, albeit with some ups and downs in the intervening years. Overall, the median income of all family units rose from about two and one-half times adjusted poverty in 1970 to more than three times adjusted poverty in 1986, an increase of 20 percent. At the same time, however, there were wide variations in both income levels and growth rates among family types.

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1. The terms "adjusted poverty thresholds" and "adjusted family income" are defined in Chapter I and summarized on p. 13.

2. In interpreting these observations, note that families in 1986 were not the same as those in 1970: over the 16 years, existing families changed types and new families formed, resulting in significant changes in the mix of family types. See further discussion below.

3. Percentile incomes were determined by ranking families in order of their incomes as a percentage of poverty thresholds from lowest to highest. The 20th percentile income is that of the family 20 percent up from the bottom, the 40th percentile income is that of the family 40 percent up from the bottom, and so forth. The median income is the 50th percentile income, that of the family halfway up the distribution. Unless otherwise stated, percentile incomes are calculated separately for each family type.

Median Adjusted Family Income

In 1970, the median incomes of elderly unrelated individuals and single mothers with children were just above the adjusted poverty line, compared with over four times the adjusted poverty threshold for nonelderly childless families. Incomes of other family types clustered around two and one-half times adjusted poverty. By 1986, the range had broadened: the median income of single mothers was still only slightly above adjusted poverty, while that of elderly unrelated individuals had grown to over one and one-half times the adjusted poverty level, and that of nonelderly childless families had increased to nearly five times adjusted poverty (see Figure 12). Growth of median AFI was greatest for the elderly--up 50 percent--and least for single-mother families with children--up just 2 percent over the 16-year period (see Figure 13).

Among elderly families, the upward trend in median AFI was fairly steady with only a few seemingly random downturns, while other families experienced much greater income variation over the 16 years. For the latter, incomes rose until 1973 before falling moderately through the 1975 recession. In the late 1970s, incomes gained steadily. But from 1980 through 1982 they dropped--and quite sharply for some groups. Since 1982, all but one of the groups experienced consistent increases in median AFI; the exception was single mothers with children for whom a decline in income between 1985 and 1986 erased most of the small gains they had made since 1970.

The wide differences in growth of AFI across family types is reflected in the marked drop in poverty rates among the elderly compared with the virtually constant rates for families with children (see Figure 14).4/ Between 1970 and 1986, the adjusted poverty rate for elderly units was cut by more than half--from 46 percent to 20 percent for unrelated individuals and from 14 percent to 4 percent for childless families. By comparison, 46 percent of single mothers with children and 7 percent of married couples with children were poor in 1986, both rates virtually unchanged from 16 years earlier.

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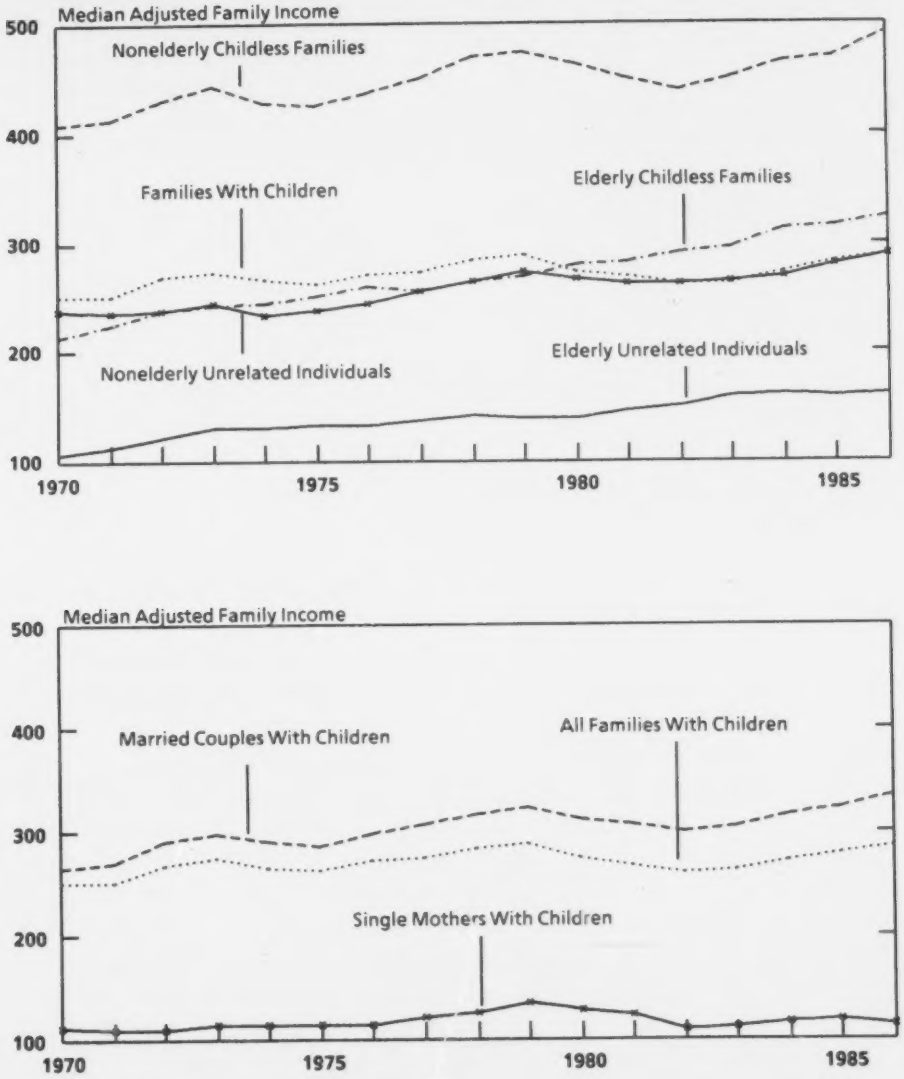
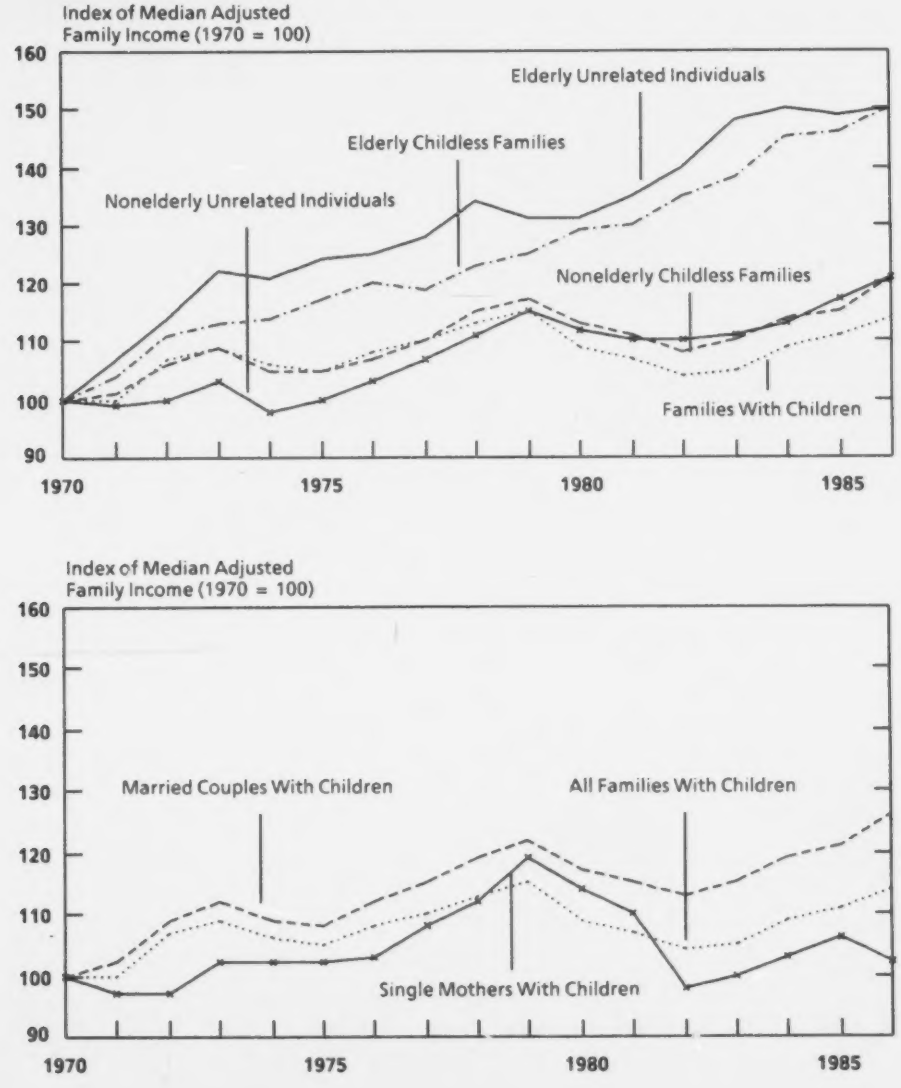
4. See Appendix C for additional statistics on adjusted poverty rates.

Figure 12.
Median Adjusted Family Income by Family Type, 1970-1986



SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

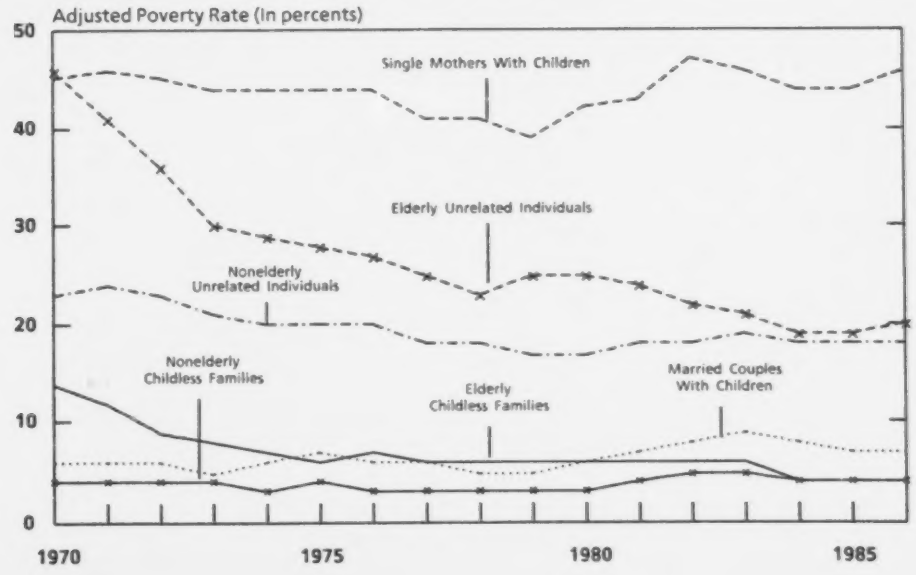
Figure 13.
Median Adjusted Family Income, Relative to 1970 Value, by Family Type, 1970-1986



SOURCE: Congressional Budget Office tabulations of data from the March Current Population Survey, 1971-1987.

In interpreting these income trends, keep in mind that changes in AFI for groups of families imply nothing about changes in the AFI of individual families. Over time, families alter their composition, move among classifications as their demographic characteristics change, and move up and down throughout the income distribution. As a result, no firm conclusions about changes in the incomes of the particular families in a group can be drawn from the aggregate findings. For example, the median AFI of families with children increased 14 percent between 1970 and 1986. On the one hand, the adjusted incomes of some families might have risen 50 percent, while other families' incomes fell. On the other hand, it is possible that the AFI of every family that had children in 1970 rose more than 14 percent during the period. Many of those families would no longer contain children in 1986--and thus would not affect the group's 1986 median in-

Figure 14.
Adjusted Poverty Rates by Family Type, 1970-1986



SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

come--while new families with children and lower incomes would pull the median downward.

Distribution of Income within Family Types

Income growth between 1970 and 1986 also varied widely among income levels, leading to greater income inequality for all family types as a group, for families with children, and for nonelderly childless families, while reducing inequality of incomes for other family types. Figure 15 shows the growth since 1970 of median AFI and of the adjusted income levels that define each income quintile, defined separately for each family type.5/

For all families and unrelated individuals considered as a single group, the adjusted incomes defining each quintile grew at roughly the same pace from 1970 through 1978. After that time, however, growth rates diverged sharply, with those at the top of the income distribution experiencing greater income gains than those at the bottom. Over the entire 16-year period, the 80th percentile adjusted income rose 29 percent, compared with only a 9 percent gain for the 20th percentile income. This divergence reflected a widening of the gap between high- and low-income families.

A similar pattern of increasing income inequality occurred for families with children--who experienced the greatest divergence among adjusted income levels (see Figure 16). Except among low-income families, the incomes of families with children tracked reasonably closely through the 1970s--climbing roughly 15 percent by 1979--before experiencing different growth rates in more recent years. In contrast, the 20th percentile income barely grew between 1970 and

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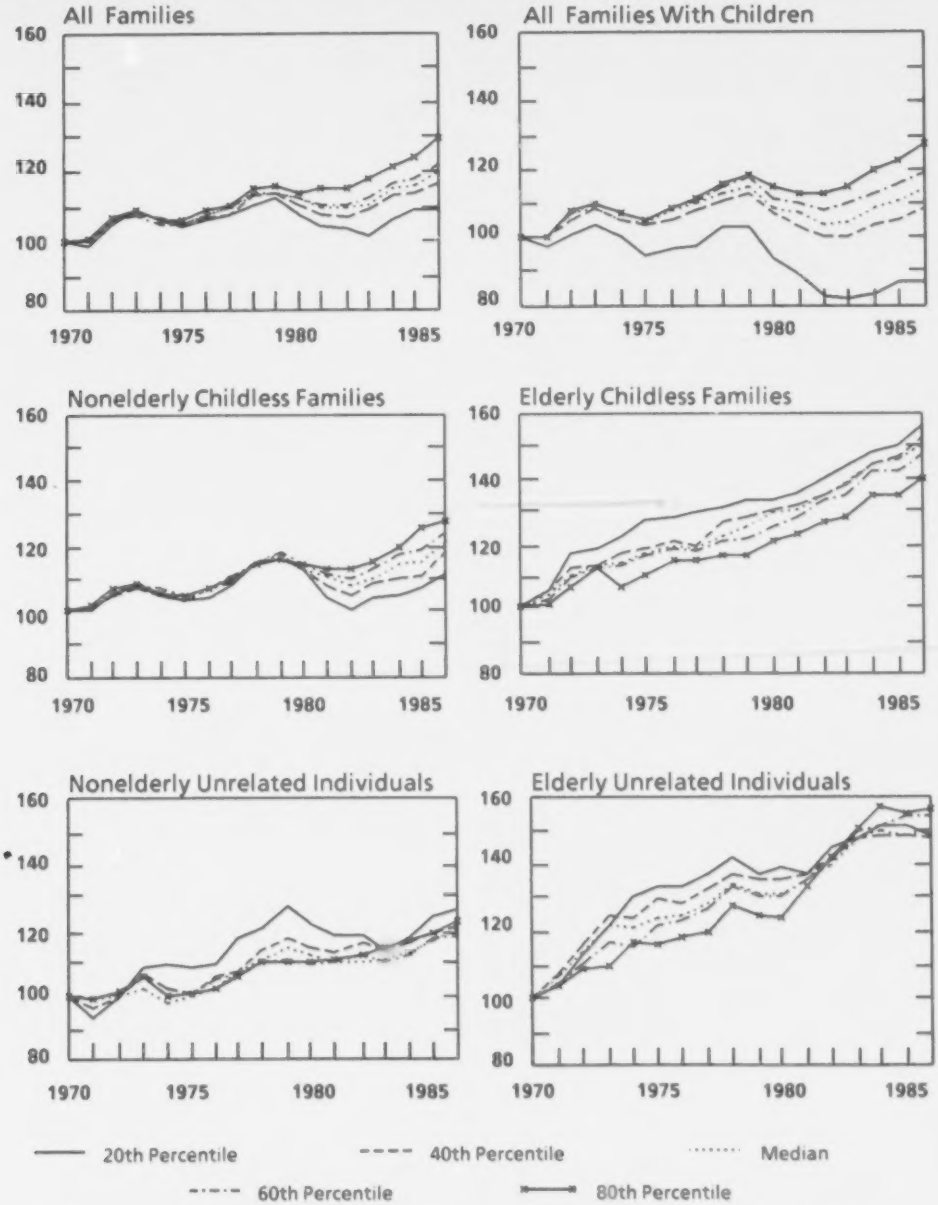
5. Income quintiles are fifths of the income distribution, defined by ordering all units of a given family type from that with the lowest income--defined as a percentage of the poverty threshold--to that with the highest. The bottom quintile is the lowest fifth of that ordering, while the top quintile is the highest fifth. Because quintiles are defined separately for each family type, the quintile a particular family is in says nothing about its place in the overall income distribution for all families as a group. See earlier discussion in Chapter II.

The 20th percentile income is the income of the family unit at the top of the lowest quintile, the 40th percentile income is that of the family unit at the top of the second quintile, and so forth.

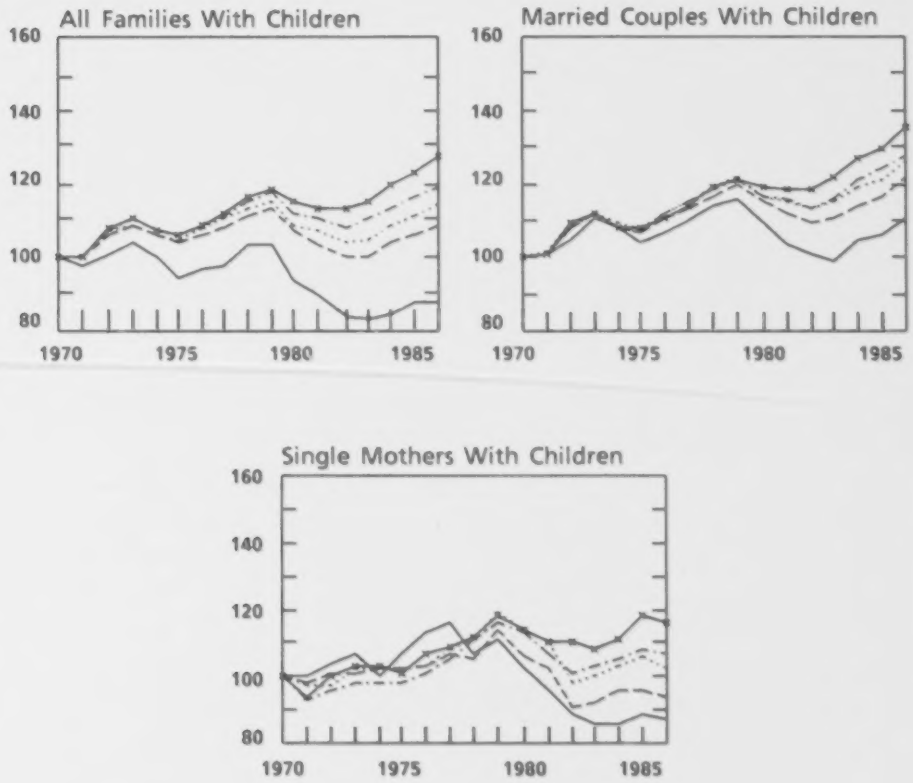
Figure 15.
Percentiles of Adjusted Family Income, Relative to 1970 Value, by Family Type, 1970-1986 (1970 = 100)



SOURCE: Congressional Budget Office tabulations of data from the Current Population Survey, 1971-1987.

1979, and then fell sharply during the 1980s. Over the entire period, the 80th percentile income increased 27 percent, compared with a 12 percent drop in the 20th percentile income.

Figure 16.
Percentiles of Adjusted Family Income, Relative to 1970 Value, by Type of Family With Children, 1970-1986 (1970 = 100)



SOURCE: Congressional Budget Office tabulations of data from the Current Population Survey, 1971-1987.

These income trends for all families with children reflect both the trends of specific types of families with children and the changing distribution of families among the different types within this group. The adjusted incomes of both married couples and single mothers with children grew at roughly the same rates through the 1970s before showing consistent divergences beginning in 1979. While this meant that the gaps between those with high incomes and those with low became wider, neither subgroup experienced as great a widening as the aggregate group. Between 1970 and 1986, the ratio of the 80th percentile income to the 20th percentile income rose 22 percent for married couples and 33 percent for single mothers, compared with the 44 percent increase for all families with children.

This apparent contradiction--that inequality within the aggregate family type increased more than within any subgroup--was the result of the growing proportion of single-mother families (who tend to have lower incomes) within the group of all families with children. Because over half of all single-mother families had adjusted incomes below the 20th percentile income for all families in 1986, the simple fact that their numbers increased led to a greater disparity among adjusted family incomes.

The divergence of adjusted incomes was smaller but still pronounced among nonelderly childless families. AFIs at all levels grew by about 15 percent between 1970 and 1978, after which the lower percentile incomes fell, while the higher ones continued to rise. Over the full 16 years, the 80th percentile income grew by 27 percent, but the 20th percentile income increased only 12 percent, again expanding the gap between low- and high-income families.

Among other family types, either no change or some lessening of inequality took place. The AFIs of elderly childless families became more equal between 1970 and 1975, as the 20th percentile income increased 27 percent, while the 80th percentile income rose only 11 percent. For the next 11 years, however, adjusted incomes at different levels grew at roughly the same rate, and little further change in income differentials occurred for this group.

Elderly unrelated individuals experienced a similar reduction in inequality between 1970 and 1975, but those changes were erased by 1986. Over the first period, low AFIs grew more than 30 percent while

high incomes increased half as fast. Between 1975 and 1986, however, the situation reversed: high incomes rose an additional 34 percent and low incomes only 12 percent.

This pattern of increasing equality followed by reversal also occurred for unrelated individuals under age 65, although the periods were different. In the early 1970s, high and low AFIs moved erratically with little change in their relative levels. Between 1972 and 1979, however, the 20th percentile income grew by 28 percent while the 80th percentile income rose only 8 percent. The higher incomes then continued to increase, climbing an additional 13 percent by 1986, while low incomes retreated slightly. Thus, almost no net change took place in income inequality over the 16 years.

Comparisons of the 1970 and 1986 income distributions for individual family types show the cumulative effects of these various changes in AFI. The greatest shift occurred for single mothers with children whose adjusted incomes became sharply less equal over the 16-year period; a much larger share of these families had incomes either below three-fourths of their median or above twice their median in 1986 than in 1970.6/ Similar but less pronounced increases in inequality affected married couples with children and nonelderly childless families. In contrast, other family types showed little change in income inequality.

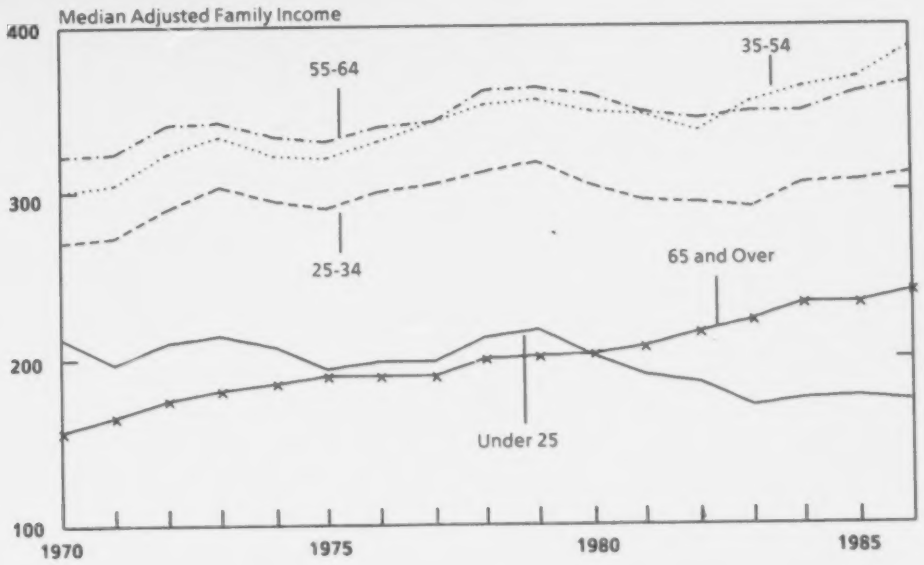
INCOME TRENDS BY AGE OF FAMILY HEAD

Growth of AFI varied widely among families with heads of different ages between 1970 and 1986. Families headed by people age 65 and over experienced the greatest income gains--their median AFI rose 54 percent--while young families with heads under age 25 saw their median AFI fall 18 percent (Figure 17 shows the trends in absolute AFI levels, while Figure 18 depicts the growth in AFI over time).7/

6. Figures comparing the 1970 and 1986 income distributions for each family type are presented in Appendix E.

7. These changes in income levels for the various age groups do not indicate anything about changes in the incomes of particular families, because families shift age groups over time. For example, if it did not change otherwise, a family whose head was in the 25 through 34 age group in 1970 would be classified in the 35 through 54 age group in 1986.

Figure 17.
Median Adjusted Family Income by Age of Family Head, 1970-1986



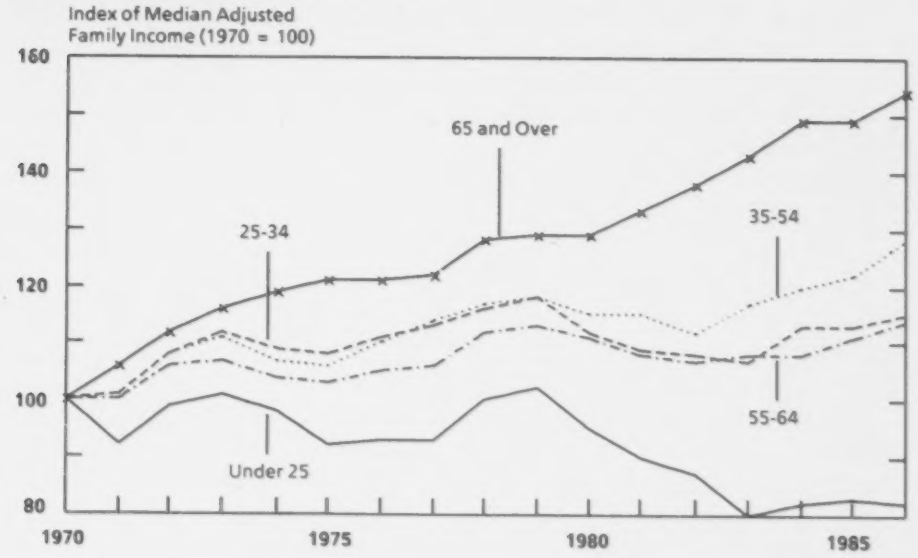
SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987

Income growth for elderly families was consistent throughout the period, but that of the youngest group was erratic, rising and falling through 1979 before dropping 20 percent over the succeeding four years. The median adjusted family income increased 14 percent for those between 55 and 64 and 28 percent for those in the 35 through 54 age range.8/ For each of these groups, income gains occurred almost entirely during the 1970s, with smaller gains or even losses in more recent years.

The widening gap between high- and low-income families observed above for all families also occurred within each of the age

8. Income trends for particular age groups varied among family types (see Appendix Tables A-18 and A-19). For example, among family units with heads under age 25, median AFI dropped sharply for families with children, was virtually unchanged for childless families, and rose for unrelated individuals.

Figure 18.
Median Adjusted Family Income, Relative to 1970 Level, by Age of Family Head, 1970-1986



SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

groups except the elderly, and the degree to which the gaps expanded was inversely related to age.9/ Among families with heads under age 25, adjusted incomes fell at all levels between 1970 and 1986, but dropped most for those who were poorest: the 20th percentile income declined 34 percent, compared with an 18 percent drop in the median income and only a 5 percent fall in the 80th percentile.10/ On the other hand, adjusted incomes of the elderly, which increased by more than those of any other group, became slightly more equal over the 16-year period, as the 20th percentile income climbed 48 percent while the 80th percentile rose 41 percent. Nevertheless, even among the elderly, income inequality increased between 1980 and 1986.

9. See Appendix Tables A-9 and A-10 for data on income trends by age of family head and by income percentiles.

10. This pattern varied among family types. Among unrelated individuals under age 25, whose incomes rose during the 16-year period, AFI grew fastest for those with lower incomes, while among families with children, the reverse was the case. See Appendix Tables A-18 and A-19.

INCOME TRENDS BY NUMBER OF WORKERS

Between 1970 and 1986, the median adjusted incomes of families with at least one full-time, full-year worker grew for every family type, with increases ranging from 12 percent to 37 percent.11/ At the same time, for families with no workers, median AFI rose by even more for the elderly--more than 50 percent. It increased by less than 10 percent, however, for the nonelderly without children and fell by 11 percent for married couples with children and by 18 percent for single mothers with children.

Gains in adjusted family income between 1970 and 1986 were roughly the same for families with one full-time, full-year worker as for those with two. Median adjusted incomes of both married couples with children and nonelderly childless families rose roughly 20 percent over the 16 years, for families with either one or two workers. By contrast, AFI gains for elderly families with no workers were greater than those for those with at least one worker, but the reverse was true for the nonelderly.

TRENDS IN SOURCES OF INCOME

For all families considered as a single group, the distribution of family incomes by source changed between 1970 and 1986 for families in the middle three income quintiles but stayed relatively constant for those in the bottom quintile (see Figure 19).12/ For middle-income families, earnings became less important, while other private income and non-means-tested transfers accounted for a growing share of income. On the other hand, low-income families experienced some year-to-year variation, but only small changes in their sources of income over the 16-year period. At the same time, individual family types experienced significant changes at both income levels.

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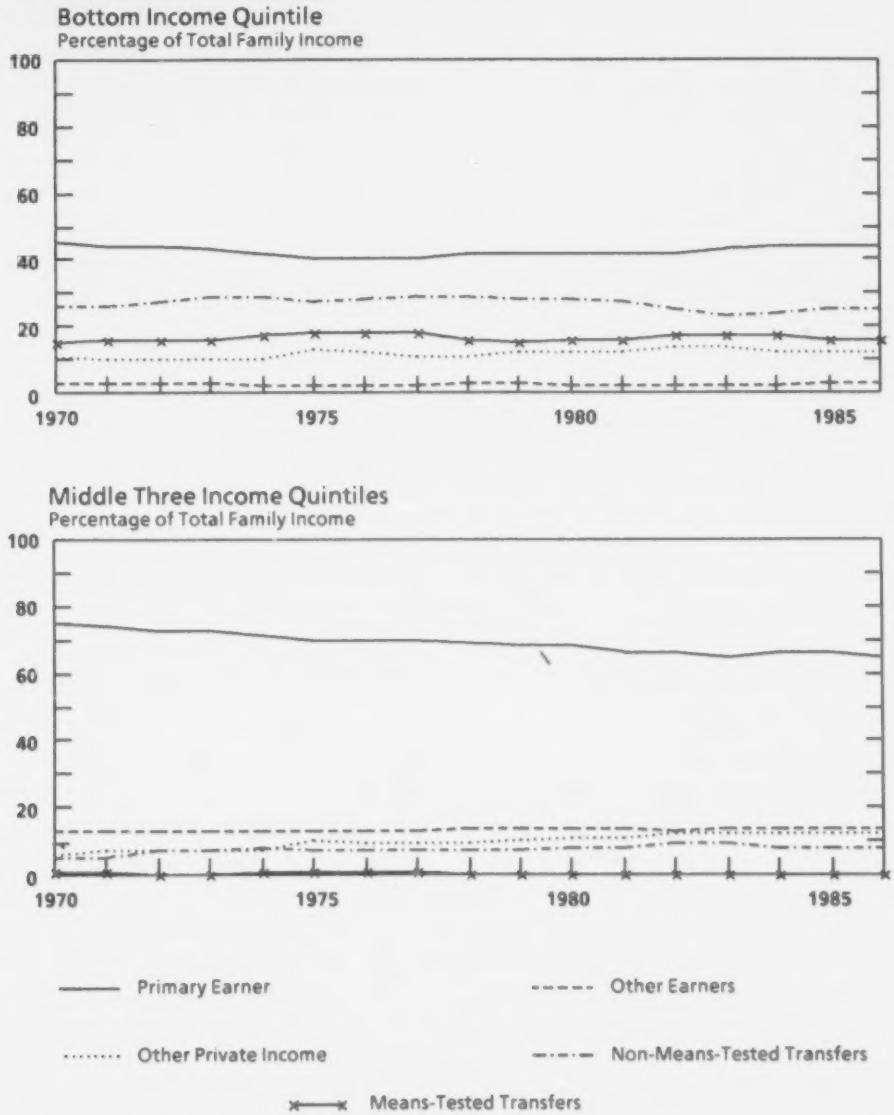
11. See Appendix Tables A-16 and A-17 for data on median family incomes by number of workers and by family type.

12. Because of data limitations for high-income families, distributions of incomes by source are reported here only for the bottom 20 percent and the middle 60 percent of the income distribution. See Chapter II for further discussion.

Figure 19.
Distribution of Family Income by Source, by Income Level, 1970-1986



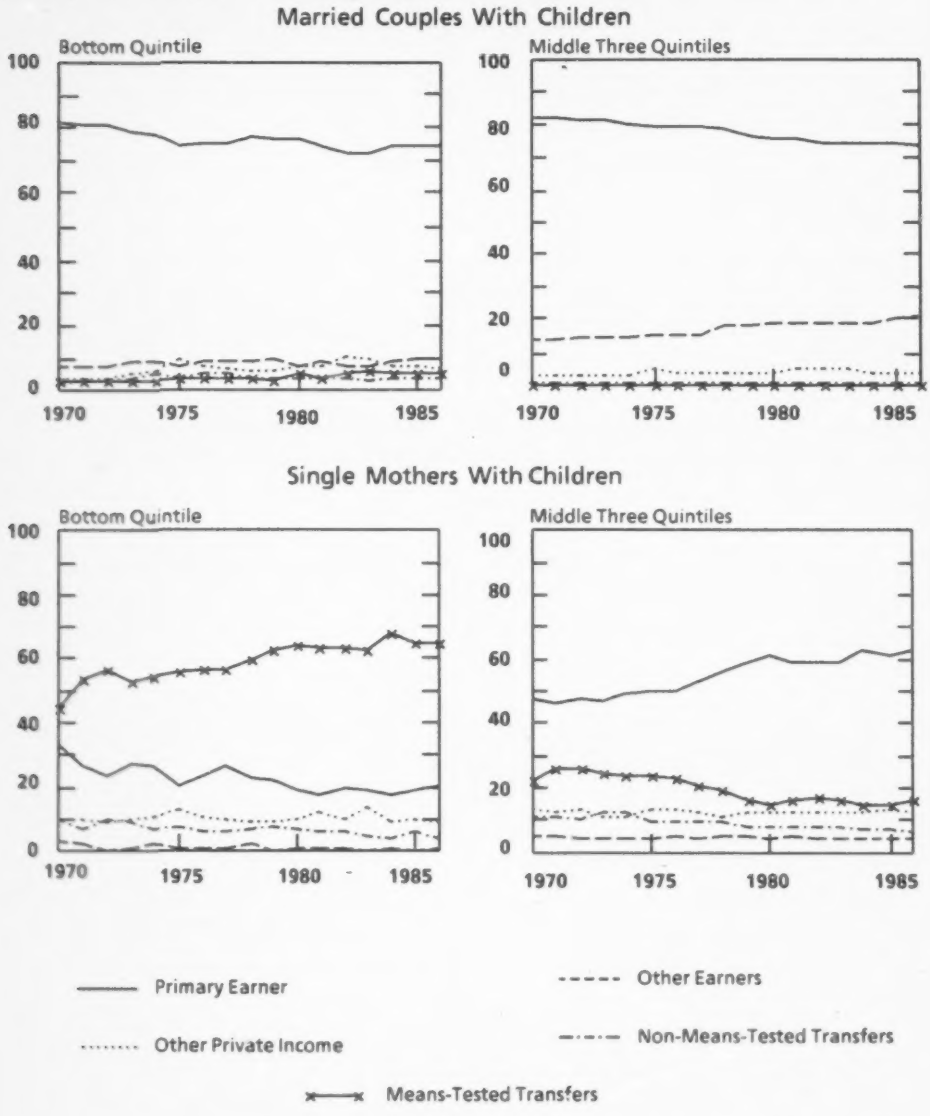
SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

Among families with children, earnings as a share of income dropped for those in the bottom quintile, stayed constant for middle-income married couples, and grew markedly for middle-income single mothers (see Figure 20). Among low-income families, primary earnings for both married couples and single mothers fell, but some of the drop for married couples was made up by a rise in the earnings of other family members. Of greater importance was an increase in welfare income--especially among single mothers--and the growth in the share of families with children headed by single mothers. Among middle-income families, an increase in secondary earnings offset a decline in primary earnings for married couples, while single mothers received markedly larger shares of income from earnings--up from 53 percent to 66 percent--with the gain replacing mostly transfer income.

Among the nonelderly, childless families received significantly less from earnings and more from other private income in 1986 than they had in 1970 (see Figure 21). Middle-income families, which received 93 percent of their income from earnings in 1970, saw that share drop to 88 percent by the end of the 16-year period, while the earnings share of income for low-income families fell from 78 percent to 68 percent. Unrelated individuals in the bottom quintile had slight gains in earnings and other private income sources balancing small declines in transfer incomes, while those in the middle three quintiles had virtually no changes.

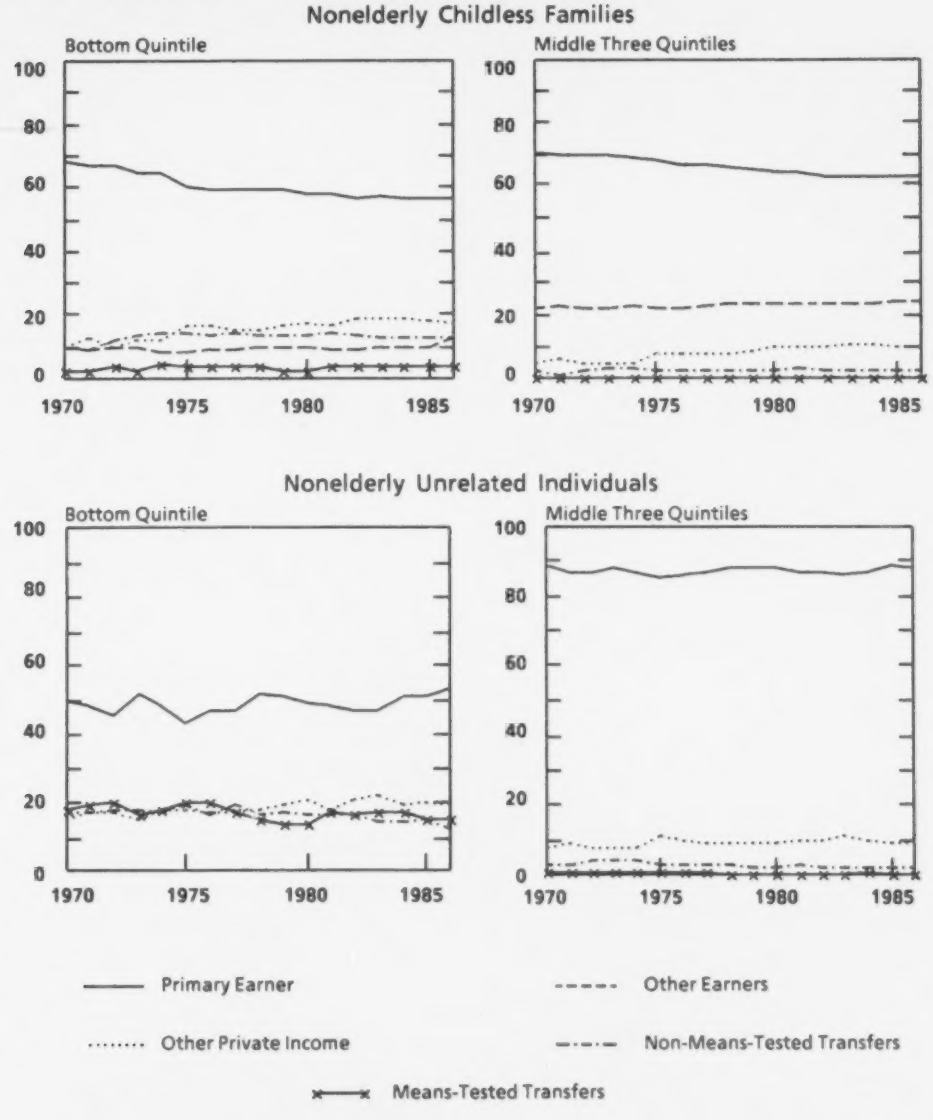
Incomes of the elderly continued to be dominated by non-means-tested transfers, primarily Social Security, which grew slightly in importance over the 16-year period (see Figure 22). The earnings of middle-income families, the only elderly group for whom earnings were significant, declined from one-third to one-fifth of total income, replaced by a sharp rise in other private income. Low-income elderly families and unrelated individuals in both income categories showed little change in their income from other private sources. The share of income from welfare fell for all elderly groups; by 1986, only low-income unrelated elderly people received more than 5 percent of their income from that source.

Figure 20.
Distribution of Family Income by Source, by Income Level, Married Couples and Single Mothers With Children, 1970-1986 (As a percentage of total family income)



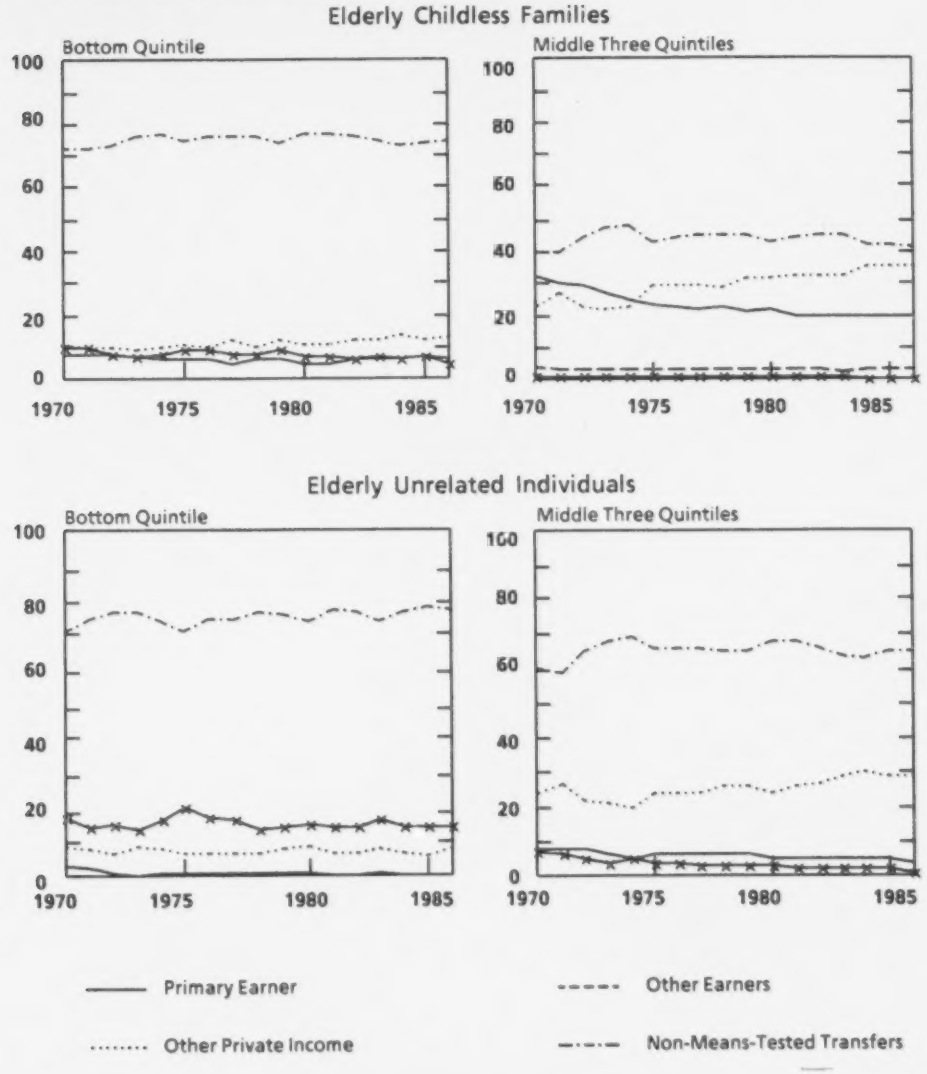
SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

Figure 21.
Distribution of Family Income by Source, by Income Level, Nonelderly Childless Families and Unrelated Individuals, 1970-1986 (As a percentage of total family income)



SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

Figure 22.
Distribution of Family Income by Source, by Income Level, Elderly Childless Families and Unrelated Individuals, 1970-1986
(As a percentage of total family income)



SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

CHAPTER IV

FACTORS AFFECTING FAMILY INCOME

Four major factors influence family incomes--macroeconomic conditions, government policies, demographic characteristics of the population, and labor market behavior--and their effects vary for different sources of income. The general state of the economy has perhaps the greatest influence on incomes for a variety of reasons: labor market conditions cause earnings to rise and fall across business cycles; property income is affected by business activity and interest rates; and transfer payments vary inversely with economic conditions.1/ Government policies directly affect transfer payments and indirectly influence other income sources through their impacts on the general economy as well as on economic behavior. Demographic characteristics of the population help determine adjusted family income levels, in part through family composition effects and in part through the age distribution of workers. Finally, labor market behavior--specifically the number of earners in each family--has a major impact on total family earnings. The remainder of this chapter discusses what has happened to each of these factors and how they might have affected family income trends since 1970.

MACROECONOMIC CONDITIONS

The state of the economy--and particularly the availability of jobs--has obvious and important effects on family incomes. Family incomes rise in strong labor markets in which there are jobs for virtually everyone who wants one, in which workers are often able to work additional hours, and in which productivity gains allow real wages to increase.

1. One other macroeconomic factor that should be noted is the tendency of family incomes to rise with increases in worker productivity and consequent higher real wages. In recent years, productivity has not risen as quickly as in earlier years, and this factor has had less influence on incomes.

Property income also varies with economic conditions, affected both by aggregate business activity and by the level of interest rates. A wide range of factors influences the overall performance of the American economy; among the most visible are the government's fiscal and monetary policies, although their precise effects are highly uncertain.

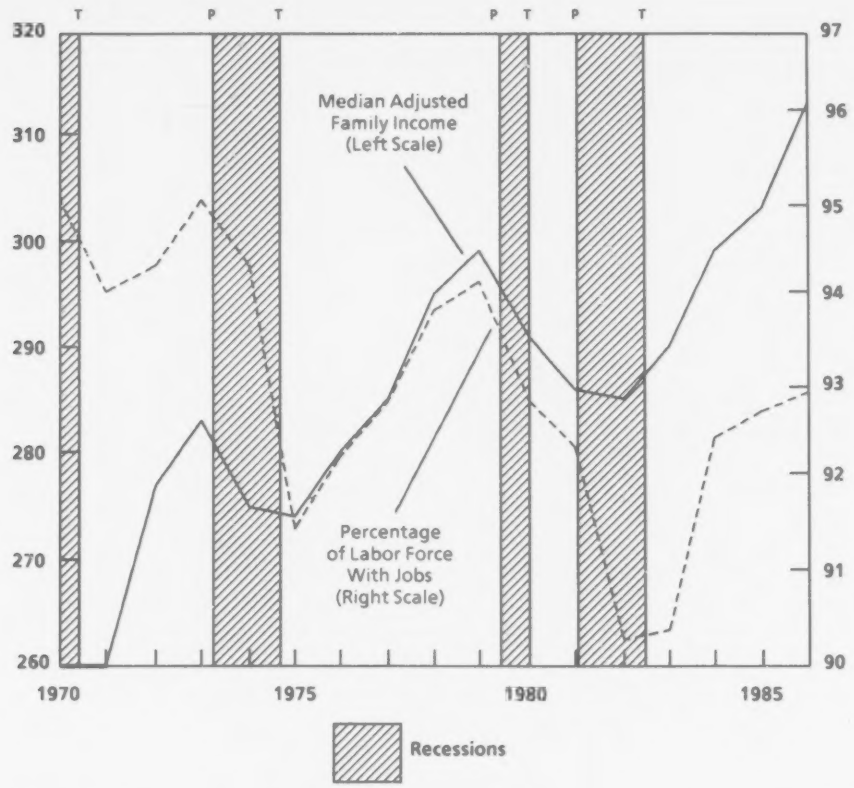
Since 1970, the American economy has performed erratically. There have been four recessions, the most recent in 1981 and 1982 being the deepest since the Great Depression. Unemployment rates have moved across a wide range, from a low of just under 5 percent in the early 1970s to a peak of nearly 10 percent in 1982; between 1970 and 1986, unemployment increased, averaging 5.4 percent from 1970 to 1974, 7.0 percent from 1975 to 1979, and 8.0 percent from 1980 to 1986. Since 1983, however, the unemployment rate has dropped markedly to 7 percent in 1986, and continues to follow a downward trend.

Between 1970 and 1986, median adjusted family incomes moved in a cyclical pattern corresponding to that for the national employment rate, with periods of rising employment corresponding to periods of increasing median AFI (see Figure 23). At the same time, median AFI followed a general upward trend over the 16 years, while a declining fraction of the labor force held jobs. Two possible explanations are changes in the relationship between the two measures and the influence of other factors on income levels.

An important element that appears to have affected incomes during the 1970s and 1980s has been the ability of the economy to absorb vast numbers of additional workers. Between 1970 and 1986, employment grew from just under 80 million workers to nearly 110 million workers, an increase of about 40 percent, and the labor force participation rate climbed from 60 percent to 65 percent. Although economists disagree about whether recently created jobs are comparable to previously existing jobs, the growth was much greater between 1970 and 1986 than in earlier periods: employment grew 31 percent in the preceding 16 years from 1954 to 1970.

Aggregate economic performance also affects property income, although the impact on family incomes is much less than that from

Figure 23.
Median Adjusted Family Income and Percentage of Labor Force With Jobs, 1970-1986



SOURCES: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987, and *Economic Report of the President* (U.S. Government Printing Office, January 1987), p. 285.

labor income.2/ While the precise impacts are difficult to identify empirically, rising interest rates generally lead to increased incomes from financial assets. Similarly, corporate profits are high in a strong economy; this may lead to increased dividend income for investors, as well as to rising stock values. Because asset holdings are distributed

2. For families in the middle three quintiles, only 12 percent of income was derived from private sources other than earnings in 1986, compared with about 80 percent from earnings. At the same time, such income was more important in 1986 than it had been in 1970, when 88 percent of income came from earnings and just 6 percent from other private sources.

very unequally, changes in property income have significant effects on both the levels and distribution of family incomes.

GOVERNMENT POLICIES AND CASH TRANSFER PROGRAMS

Government policies have an impact on family incomes through their effects on the general economy and through the effects of regulations and taxes on the economic behavior of individuals. But their most direct impact is through cash transfer programs. Overall, cash transfers in 1985 accounted for about 8 percent of family incomes, and over 40 percent of the incomes of families in the bottom quintile. Social Security benefits were by far the dominant component, accounting for about 70 percent of all cash transfers. Means-tested transfers such as Aid to Families with Dependent Children (AFDC) were much less important in the aggregate, but were the major source of income for single mothers with children in the bottom quintile; means-tested transfers constituted about two-thirds of their income in 1986.3/ Government policies influence both the levels of benefits available and, in many cases, who is eligible to receive payments.4/

Social Security

Much of the rapid growth in the incomes of the elderly has resulted from increases in Social Security payments, the major source of income for the elderly. Among all retired workers receiving Social Security, average monthly benefits rose 57 percent from $311 to $488--in 1986 dollars--between 1970 and 1986, somewhat more than the 50 percent gain in the median adjusted incomes of elderly families

3. While there are many other government transfer payments such as Unemployment Insurance (UI) and Supplemental Security Income (SSI), only Social Security and AFDC provide significant amounts of income to any single family type. As a result, this analysis discusses only the latter two income sources.

4. The federal government sets minimum categorical eligibility requirements for various transfer programs, while states often are allowed to choose some options, such as AFDC for two-parent families (AFDC-UP). Similarly, the federal government may set minimum benefit levels, as is the case with SSI, while states may offer supplements to the minimum levels or may be free to select any payment amounts, as in the AFDC program.

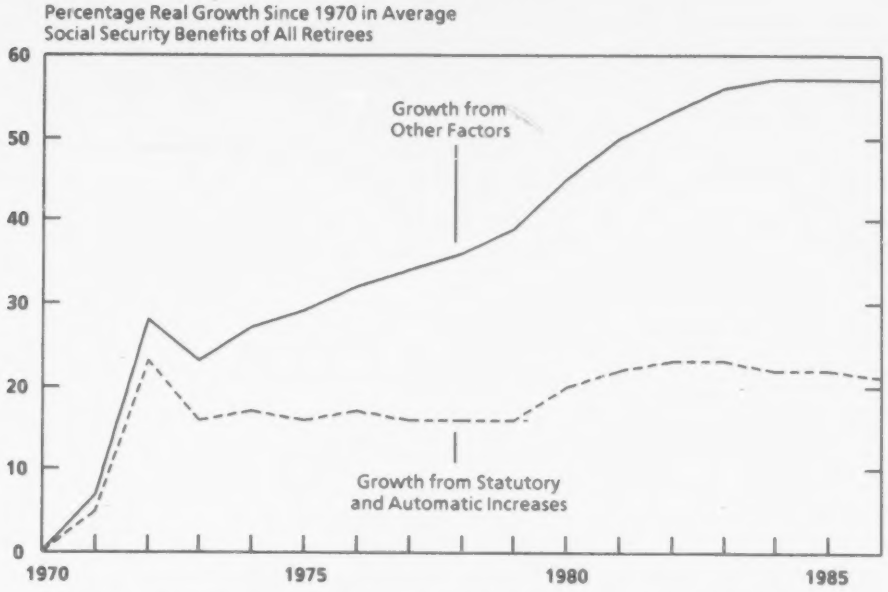
and individuals. Three factors were largely responsible for the Social Security increase, two of which involved government policies. First, the Congress raised benefit levels almost every year through either one-time increases or automatic cost-of-living adjustments (COLAs) that affected all recipients. Second, benefit levels were changed by other policy actions affecting program elements, such as the way in which basic benefits are calculated, the reduction in benefits for early retirement, or the amount of earnings exempt from the earnings test. Finally, new retirees as a group received higher benefits than their older counterparts, in large part as a result of their greater earnings during their working years. Only the last factor was not a result of legislated policies.

Social Security benefits were increased markedly between 1970 and 1986, both through ad hoc adjustments in the early 1970s and later through automatic COLAs. Primary insurance amounts were raised 10 percent in 1971, 20 percent more in 1972, and an additional 11 percent in 1974, before automatic annual COLAs were begun in June 1975. Since that time, benefit levels have been increased in line with the CPI-W, the price index for urban wage earners and clerical workers.5/ These increases caused Social Security benefits to grow sharply in real terms, both because of the large ad hoc increases and because the CPI-W rose more rapidly than the CPI-X1. Relative to the CPI-X1, basic benefit levels rose roughly 15 percent between 1970 and 1973, leveled off through 1979, and then moved fitfully with an upward trend to a 1986 level more than 20 percent above that in 1970 (see Figure 24). This recent increase explains a large part of the growth in the median incomes of the elderly observed in Chapter III: incomes rose most rapidly between 1970 and 1973, more slowly through the rest of the 1970s, and then somewhat faster since 1980.

Other policy changes affecting Social Security are harder to quantify. Legislation enacted in 1972 altered the method by which basic benefits were calculated in a way that led to markedly higher payments for workers retiring during much of the 1970s. On the other hand, 1977 legislation to correct a "double-indexing" flaw in the

5. The 1983 COLA--and all subsequent COLAs--were delayed for six months in order to shift the adjustment from June to December.

Figure 24.
Percentage Growth Since 1970 in Average Real Social Security Benefits, Total and Amount Resulting from Statutory and Automatic Increases, All Retirees, 1970-1986



SOURCE: *Social Security Bulletin*, Annual Statistical Supplement, 1986, pp. 32 and 170; and 1977-1979, p. 151; and *Social Security Bulletin*, vol. 50, no. 7 (July 1987), p. 41.

NOTE: Benefit levels inflated using CPI - X1.

method for calculating benefits lowered payments to workers born after 1916. By themselves, these laws would have caused incomes of the elderly to move upward during the mid-1970s and then downward in succeeding years, but other factors such as higher lifetime earnings have kept average real benefits rising.6/

6. For example, between 1970 and 1986, the average payment for all retirees rose 57 percent in real terms (see Figure 24). About one-third of the increase stemmed from the legislated and automatic benefit changes discussed above, and most of the remainder probably resulted from higher earnings of new retirees.

Aid to Families with Dependent Children

Government policies since 1970 have made major changes in the AFDC program, the largest single source of cash income for low-income single mothers with children, but the effects of those changes on family incomes are difficult to identify. Government policies in the 1970s and 1980s have affected the AFDC program in two important ways: benefit levels, which are set by the individual states, have not been raised in line with inflation, so they have fallen significantly in real terms, and changes in eligibility criteria and net income formulas, which are set by the federal government, have reduced or eliminated benefits for some families. While these factors are likely to have led to smaller incomes for low-income families, the relationships are complicated and the effects unclear.

Over the last 16 years, most states allowed AFDC benefit levels to fall in real terms by not increasing payments in line with inflation. Between 1970 and 1986, only three states maintained real benefit levels; maximum payments for four-person families dropped in real terms by at least 40 percent in 10 states, and by 25 percent or more in half the states.7/ The median maximum payment fell over 30 percent from $581 to $399 (in 1986 dollars). If nothing else had changed, these passive reductions would not only have cut the incomes of recipient families, but would also have made some recipients ineligible for further benefits.

The second policy effect resulted from program modifications enacted by the Congress. Legislation passed in 1981 tightened AFDC eligibility criteria in ways that made some families with earnings unable to qualify for assistance.8/ Opinions differ on whether these changes have reduced welfare rolls and made families more self-sufficient or caused some AFDC mothers to quit their jobs to maintain their benefits. No direct evidence supporting either view has been found. Although the percentage of recipients with earnings did fall,

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7. Between 1970 and 1975, the median decrease in the maximum benefit level for a four-person family was 9 percent, compared with 14 percent between 1975 and 1980 and 11 percent between 1980 and 1986. The trend was reversed somewhat in very recent years: between 1985 and 1987, 22 states and the District of Columbia raised real benefits.

8. Subsequent legislation passed in 1984 relaxed eligibility requirements somewhat, but did not change the qualitative nature of the effects of the 1981 act.

that finding is consistent with either working families moving off the AFDC rolls or recipient families quitting their jobs.

Any effects, however, of these two factors on the incomes of single-mother families with children are difficult to detect. The 20th percentile income rose irregularly between 1970 and 1977 to a level 16 percent above that in 1970, even though real AFDC benefits were falling in most states and families were increasingly unlikely to contain any workers.9/ Furthermore, in spite of declining benefit levels, low-income, single-mother families became more dependent on welfare and less reliant on employment. Over the same period, the fraction of their income coming from welfare rose from 45 percent to 57 percent, while the fraction derived from earnings fell from 36 percent to 27 percent.

Although these apparent contradictions are difficult to understand, two explanations are possible. First, recipient families might have become relatively more common in states with high AFDC benefits. If so, incomes could rise and a larger share of income could derive from AFDC, even if real benefits were declining in each state. A second possibility is that families changed size in ways that increased benefits relative to poverty thresholds. In 1985, for example, the maximum benefit level in every state was a larger percentage of the relevant poverty threshold for single mothers with two children than for single mothers with three children. Because the average size of AFDC families declined between 1970 and 1986, this relationship could have led to higher adjusted incomes, even if real benefit levels and unadjusted family incomes were falling.

Between 1977 and 1986, the 20th percentile income of single mothers with children fell 25 percent to just under half the poverty threshold. At the same time, such families in the bottom quintile became even less likely to have any earnings; earnings fell from one-quarter of family income to one-fifth, while means-tested transfers grew in importance from 57 percent to 65 percent. Although the decline in incomes of single mothers with children probably stemmed largely from the deep recession in the early 1980s, it is likely that

9. In 1970, 95 percent of single-mother families in the bottom quintile had no members working full time throughout the year. In 1977, 96 percent had no working members, and by 1985, the percentage had climbed to 99 percent.

falling real benefit levels and tightened eligibility criteria and benefit calculations also played a role.

DEMOGRAPHIC CHARACTERISTICS

The composition of the population influences family incomes in two distinct ways. First, the distribution of people into families affects both family needs and the number of potential workers (or earners) available to meet those needs. Second, the distribution of people by age--both overall and in terms of living arrangements--affects incomes because the earning power of workers changes as they grow older, described by what is known as the "age-earnings profile." These demographic characteristics have changed markedly over the past 16 years, and their effects show up in family income trends.

Composition of Family Units

The composition of family units in 1986 was significantly different from that in 1970. Families with children had fewer children.10/ Moreover, the fraction of families with children declined from 45 percent in 1970 to 35 percent in 1986, while households consisting of non-elderly people not living with any relatives became more common, growing from 14 percent of all family units to 23 percent (see Figure 25). In addition, among families with children, single-mother families grew in importance, roughly doubling from 10 percent of families with children in 1970 to 20 percent in 1986. In combination, these changes caused a reduction in the average family size from 3 people to 2.5 people.11/

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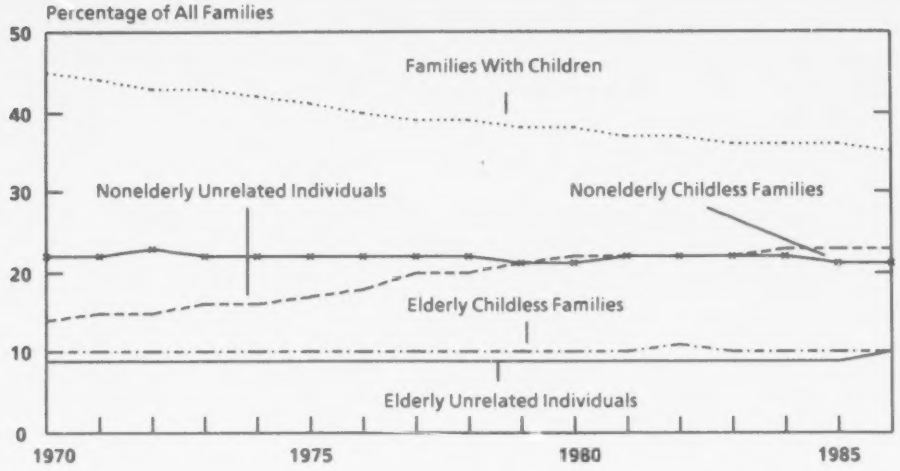
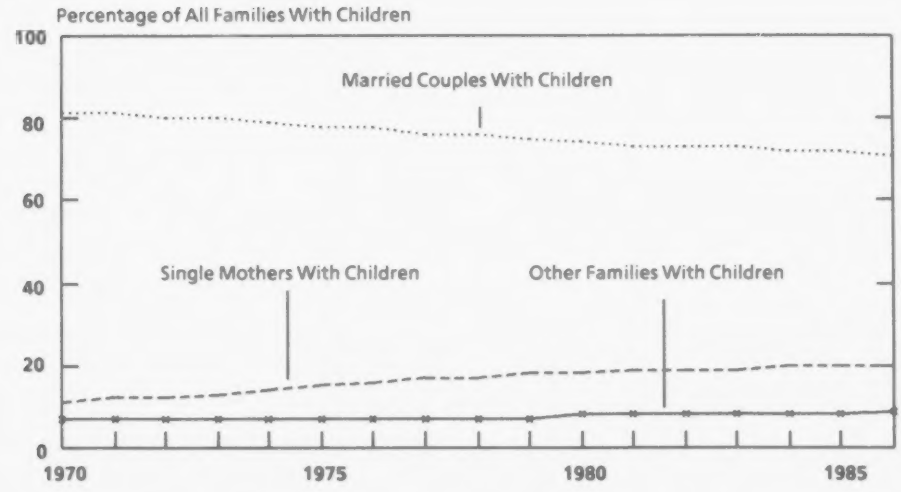
10. In part, the drop in the average number of children per family may result from declining family income. Parents may have decided they could not afford to have as many children as families had in earlier years.

11. Within family types, average size changed significantly only for families with children--down from 4.4 people to 3.9 people. Much of the decrease in average size of all families came from the increase in the relative number of unrelated individuals.

Figure 25.
Distribution of Families by Family Type, 1970-1986





SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

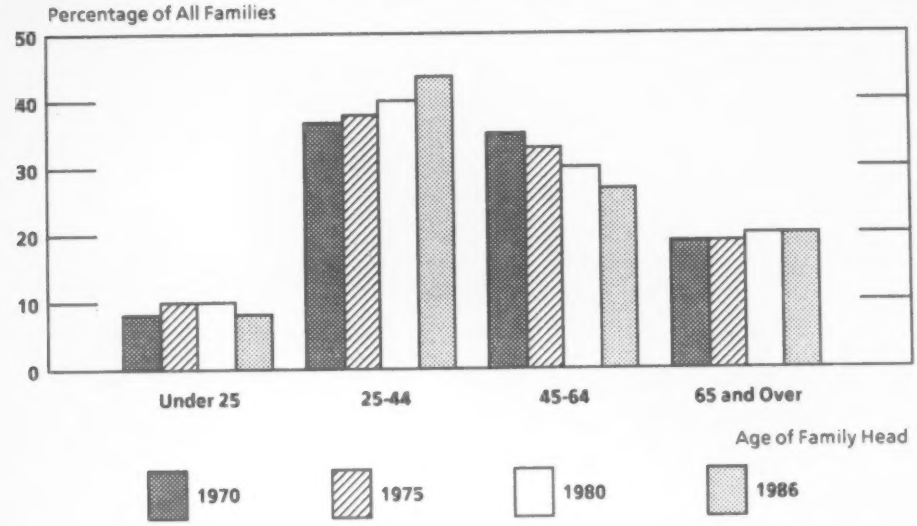
Apart from any changes in the average income of each family type, these demographic shifts had two effects on family incomes. First, because smaller families need less income to maintain a given standard of living, families would have become better off over the period, even if their real incomes had remained fixed. This phenomenon only affected families with children, however, since they were the only family type that, as a group, saw their average family size change markedly.

The second effect was the result of the growth in relative importance of two family types with lower incomes--single mothers with children and nonelderly unrelated individuals. As noted earlier, among families with children, single-mother families became relatively more numerous over the period; combined with the fact that their median income was markedly lower than that for other families, this growth caused the observed drop in the median income for all families with children. Similarly, because nonelderly unrelated individuals have a lower median income than most other families, their increasing numbers lowered the median income for all families.

Age Composition of the Population

The shift in the age distribution of the population toward younger families would also tend to have caused family incomes to be lower than otherwise. The maturing of the baby-boom generation during the 1970s meant that large numbers of young people were both entering the work force and forming families, with two likely effects. First, because the earnings of younger workers tend to be less than those of their older counterparts, the greater numbers of younger families would have led to lower incomes for individual family types. Between 1970 and 1986, the fraction of all families whose heads were under age 45 rose from 46 percent to 52 percent, while families with heads between ages 45 and 64 became less common, falling from 35 percent of all families to 27 percent (see Figure 26). Again, all else the same, this shift toward younger families with lower earnings would have caused median family income to fall over the 16-year period. At the same time, because incomes rise with age, this trend is likely to be reversed, at least in part, as the baby-boom population grows older.

Figure 26.
Distribution of All Families by Age of Head, Selected Years, 1970-1986



SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971, 1976, 1981, and 1987.

The second effect of the entry of the baby-boom generation into the labor force was a reduction in the incomes of workers in that group, a loss that is likely to persist even as the cohort ages. Between 1970 and 1984, as the bulk of the baby boomers entered the labor force, real incomes of full-time, full-year male workers between 20 and 24 years old dropped 21 percent; since 1975, as the group has moved into the next age category, real incomes of men between 25 and 34 years of age who were employed full time throughout the year fell by 8 percent.12/ These drops are likely to stem in large part from the size of this cohort

12. Female workers had a somewhat different experience. The real median income of those between 20 and 24 fell 7 percent between 1970 and 1984. Between 1975 and 1984, however, the income of the 25- to 34-year-olds increased 3 percent. The difference from the experience of male workers is probably the result of improved job opportunities for women.

These data may not be fully accurate reflections of the labor market for two reasons. First, the Bureau of the Census defines full- time, full-year workers as people who worked at least 50 weeks during the year and whose normal work week was at least 35 hours long. This definition leaves considerable room for variation in total hours worked, so incomes could be affected not by lower wages but rather by reduced hours. Second, the trend described is for total cash income, not earnings, and could thus be influenced by changes in other income sources such as transfers.

of workers and the resulting increased competition for jobs. Because the cohort will always be larger than its predecessors, the lower incomes are likely to continue into the future. This cohort effect is likely to be larger than any wage gains coming from the tendency of earnings to rise with age.

NUMBER OF WORKERS PER FAMILY

A final factor that appears to have affected family incomes since 1970 is the changing number of workers per family.13/ While two opposing trends combined to leave the average number of full-time, full-year workers unchanged for all families, they resulted in significant changes in employment patterns for individual family types. On one hand, the demographic shift toward one-person and single-mother families meant that families had fewer potential earners, and average earnings per family would thus be expected to fall. On the other hand, adults were more likely to be workers: the labor force participation rate for women rose from 43 percent in 1970 to 55 percent in 1986, while that for men fell from 80 percent to 76 percent, resulting in an overall increase from 60 percent to 65 percent (see Figure 27). The increase was particularly marked among married women with children under the age of six, whose participation rate rose from 30 percent to 54 percent over the 16-year period.

This rise in labor force participation among women led to marked increases in the average number of full-time, full-year workers per family for individual family types.14/ Married couples with children were nearly twice as likely to have two full-time, full-year workers at the end of the period than at the beginning--up from 14 percent to 26 percent--while the fraction of nonelderly childless families with two such workers rose from 27 percent to 32 percent (see Figure 28). Single-mother families became more likely to have at least one full-time, full-year worker--40 percent in 1986 compared with 33 percent in 1970--and unrelated individuals under age 65 were more likely to have full-time jobs throughout the year--57 percent in 1986 versus 51

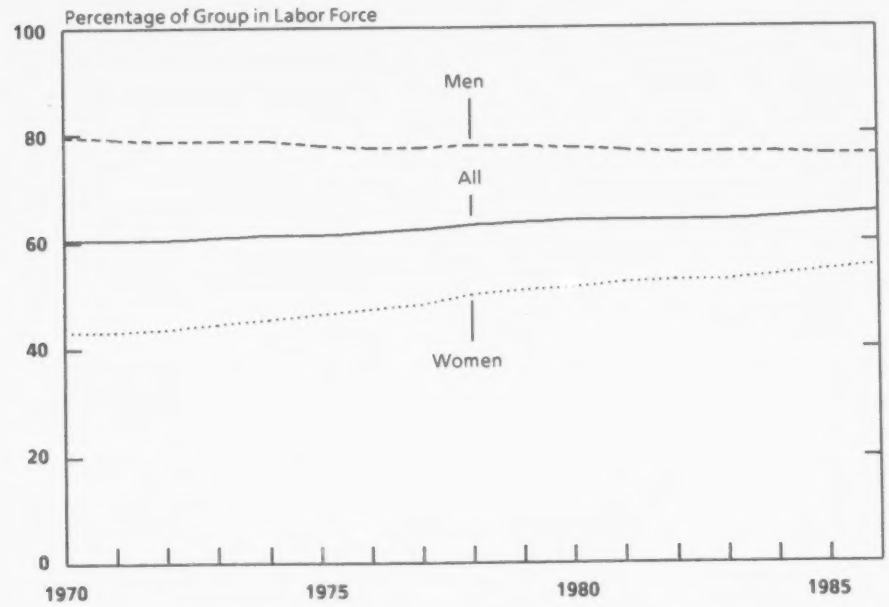
13. This analysis is based on full-time, full-year workers. See Chapter II, page 20 for other definitions considered in initial analyses.

14. See Appendix Table A-15.

percent in 1970. Only for the elderly did the average number of workers per family decline.

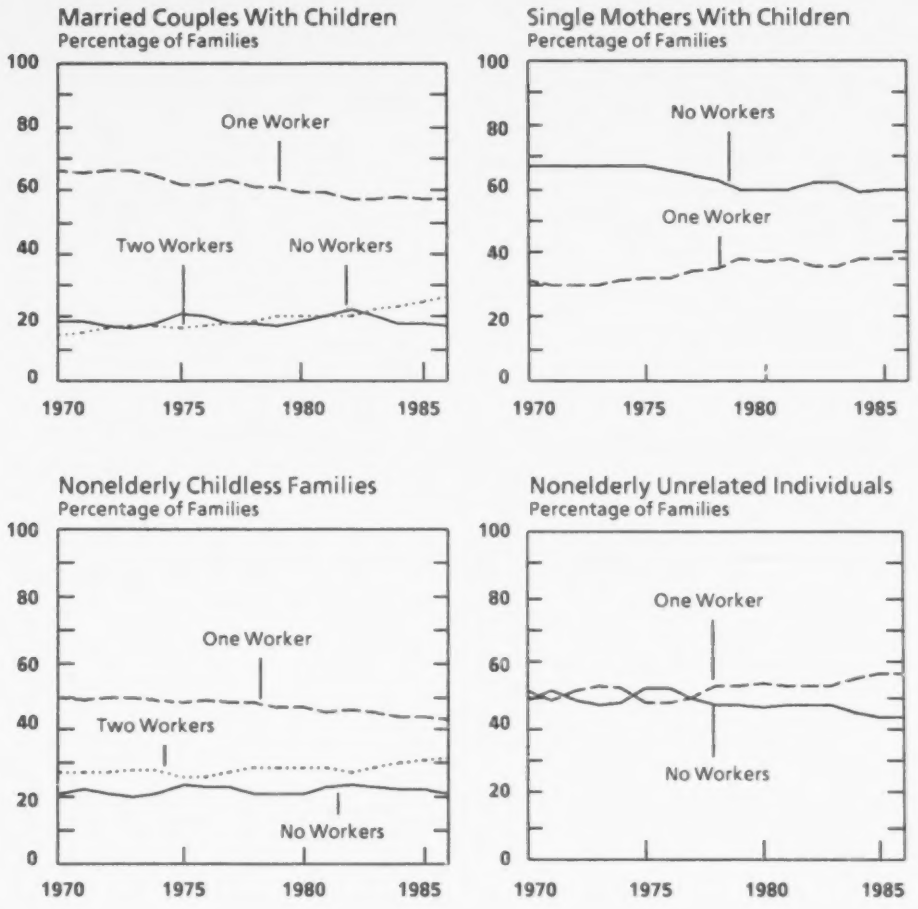
The increase in workers per family provides part of the explanation for the income growth for each family type between 1970 and 1986. If there had been no change in the earnings of individual workers, incomes would have risen because of the increased likelihood that single mothers and nonelderly unrelated individuals would be employed and that married couples with children and nonelderly childless families would have two workers. In fact, earnings have not

Figure 27.
Labor Force Participation Rates of Males, Females, and All People, 1970-1986



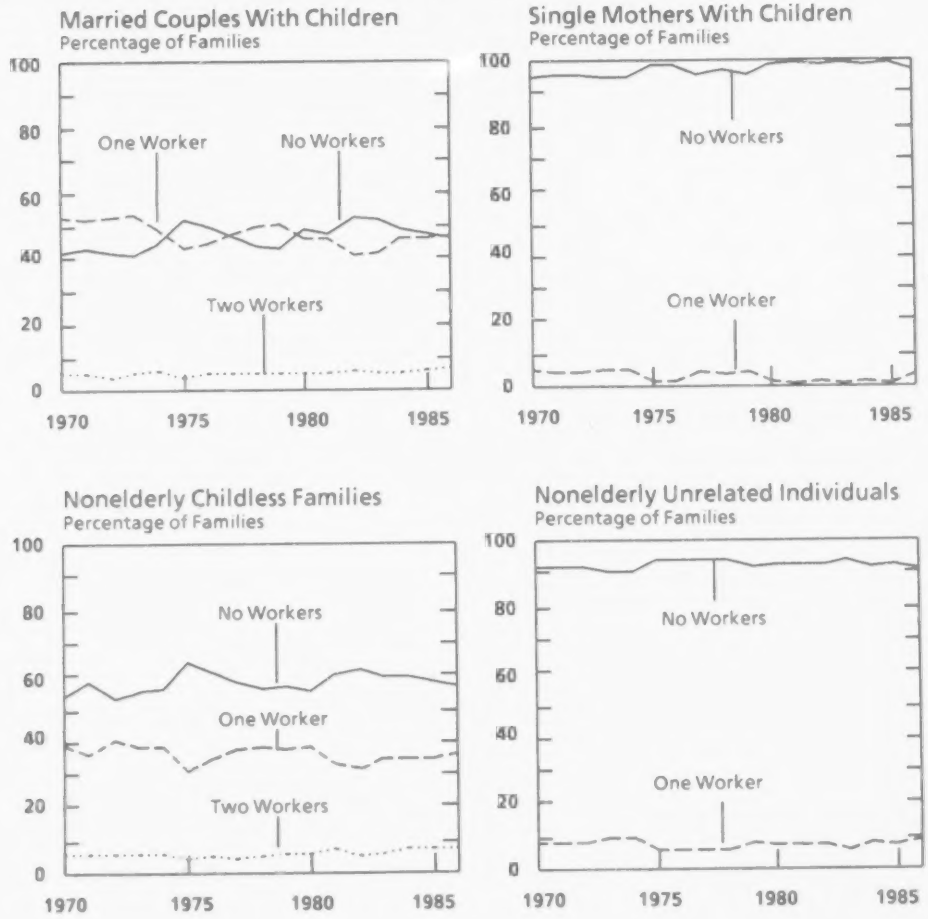
SOURCE: *Economic Report of the President* (U.S. Government Printing Office, January 1987), p. 284.

Figure 28.
Distribution of Families by Number of Full-Time, Full-Year Workers, by Family Type, 1970-1986



SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

Figure 29.
Distribution of Families in the Bottom Income Quintile by Number of Full-Time, Full-Year Workers, by Family Type, 1970-1986



SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

kept pace with inflation for many workers, especially those in the younger age groups.15/ The rise in the number of workers per family appears to be the principal reason why incomes increased.16/ Families in the bottom income quintile did not increase their average numbers of workers during the period; this lack of growth in workers provides at least a partial explanation for their not having experienced the same income growth as other families (see Figure 29 on preceding page and Appendix Table A-15). For example, the fraction of low-income married couples with no full-time, full-year worker rose from 42 percent in 1970 to 52 percent in 1975, fell to 43 percent in 1979, and climbed to 53 percent in 1982 before dropping back to 46 percent in 1986. Other family types showed similar fluctuations throughout the period with little overall change.

15. There is a growing literature discussing the question of why real earnings have fallen for many workers. One line of argument points to the changing nature of jobs in the American economy. It claims that rapid growth of service industries, particularly compared with the decline of manufacturing, has resulted in a polarization of jobs, with relatively few high- and many low-paying service sector jobs replacing traditional middle-income manufacturing jobs. An alternative view lays blame on the great influx of women and young people into the labor market. It asserts that the resulting increased supply of workers depressed wages below levels they otherwise would have reached. For a brief review of this literature and bibliographic references, see Frank Levy, *Dollars and Dreams: The Changing American Income Distribution* (New York: Russell Sage Foundation, 1987), chapters 5 and 7.

16. Families are likely to bear a cost, however, when more of their members work. In particular, there are direct costs associated with employment, such as for childcare or for commuting. Furthermore, the new workers have less time available to perform household chores, so either costs rise--if services are purchased--or some chores are not done.

APPENDIXES

APPENDIX A

DEMOGRAPHIC AND INCOME DATA, 1970-1986

TABLE A-1. NUMBER OF FAMILIES AND PERCENTAGE DISTRIBUTION, BY FAMILY TYPE, 1970-1986

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
							Number of Families (In thousands)										
All Families	67,261	69,522	71,095	73,166	74,450	76,365	78,041	80,195	82,246	84,229	87,702	88,969	89,625	91,665	93,398	95,297	96,602
Families with Children	30,067	30,798	30,918	31,098	31,401	31,392	31,436	31,638	31,737	32,166	33,116	32,901	32,931	33,130	33,353	33,952	34,267
Married couples	24,457	24,913	24,832	24,798	24,723	24,639	24,465	24,148	24,219	24,166	24,611	24,149	24,105	24,101	23,960	24,444	24,426
Single mothers	3,386	3,639	3,858	4,126	4,472	4,678	4,873	5,256	5,353	5,650	6,014	6,205	6,150	6,410	6,571	6,646	6,852
Nonelderly Units																	
Childless families	14,977	15,343	16,083	16,363	16,539	16,965	17,309	17,489	17,702	17,931	18,534	19,195	19,487	19,805	20,181	20,175	20,677
Unrelated individuals	9,469	10,154	10,533	11,820	12,222	13,252	14,304	15,660	16,831	17,799	19,008	19,445	19,384	20,573	21,403	22,312	22,360
Elderly Units																	
Childless families	6,907	7,156	7,372	7,590	7,772	7,904	7,967	8,091	8,369	8,676	9,050	9,294	9,414	9,567	9,698	9,935	10,113
Unrelated individuals	5,840	6,073	6,189	6,294	6,515	6,851	7,029	7,319	7,610	7,655	7,991	8,134	8,406	8,590	8,764	8,922	9,185
							Percentage Distribution of All Families										
All Families	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Families With Children	45	44	43	43	42	41	40	39	39	38	38	37	37	36	36	36	35
Married couples	36	36	35	34	33	32	31	30	29	29	28	27	27	26	26	26	25
Single mothers	5	5	5	6	6	6	6	7	7	7	7	7	7	7	7	7	7
Nonelderly Units																	
Childless families	22	22	23	22	22	22	22	22	22	21	21	22	22	22	22	21	21
Unrelated individuals	14	15	15	16	16	17	18	20	20	21	22	22	22	22	23	23	23
Elderly Units																	
Childless families	10	10	10	10	10	10	10	10	10	10	10	10	11	10	10	10	10
Unrelated individuals	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	10
							Percentage Distribution of Families With Children										
Families with Children	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Married couples	81	81	80	80	79	78	78	76	76	75	74	73	73	73	72	72	71
Single mothers	11	12	12	13	14	15	16	17	17	18	18	19	19	19	20	20	20
Other families	7	7	7	7	7	7	7	7	7	7	8	8	8	8	8	8	9

SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

TABLE A-2. NUMBER OF FAMILIES BY AGE OF FAMILY HEAD AND FAMILY TYPE, 1970-1986 (In thousands of families)

Age of Family Head	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
All Families																	
Under 25	6,102	6,670	6,991	7,483	7,506	7,438	7,739	8,000	8,479	8,531	8,718	8,353	7,968	7,927	8,043	8,037	7,763
25-34	12,748	13,691	14,427	15,331	16,090	16,355	17,070	17,866	18,297	19,376	20,803	21,135	21,005	21,826	22,099	22,787	23,049
35-54	24,605	24,658	24,821	25,114	25,066	25,638	25,947	26,286	26,752	27,329	27,993	28,733	29,320	30,183	31,245	32,248	33,140
55-64	10,665	10,841	10,941	10,926	11,069	11,594	11,723	12,088	12,210	12,102	12,566	12,762	12,864	12,989	12,929	12,730	12,707
65 & Over	13,140	13,662	13,915	14,310	14,720	15,341	15,561	15,953	16,506	16,892	17,621	17,986	18,466	18,740	19,082	19,495	19,944
All Families With Children																	
Under 25	2,655	2,838	2,927	2,868	2,958	2,358	2,334	2,386	2,413	2,526	2,616	2,426	2,422	2,364	2,357	2,396	2,277
25-34	9,251	9,701	10,026	10,237	10,537	10,275	10,304	10,498	10,535	10,795	11,467	11,377	11,127	11,515	11,451	11,610	11,689
35-54	16,086	16,093	15,921	15,858	15,805	16,263	16,268	16,258	16,357	16,540	16,642	16,786	16,883	16,912	17,201	17,671	18,066
55-64	1,681	1,732	1,689	1,708	1,670	1,911	1,961	1,949	1,902	1,745	1,813	1,755	1,854	1,756	1,722	1,638	1,589
65 & Over	393	433	354	428	431	585	567	545	529	559	579	558	645	583	621	636	646
Married Couples With Children																	
Under 25	1,925	1,996	2,015	1,978	1,918	1,519	1,479	1,422	1,414	1,439	1,456	1,303	1,228	1,149	1,156	1,132	937
25-34	7,684	8,103	8,209	8,329	8,396	8,312	8,317	8,249	8,238	8,287	8,686	8,527	8,366	8,578	8,387	8,527	8,492
35-54	13,238	13,183	13,072	12,935	12,822	13,126	12,985	12,813	12,937	12,949	12,958	12,816	12,927	12,939	13,082	13,438	13,671
55-64	1,368	1,373	1,325	1,309	1,312	1,393	1,400	1,401	1,372	1,241	1,267	1,229	1,311	1,206	1,099	1,112	1,058
65 & Over	242	257	213	246	275	290	283	265	256	249	243	274	273	229	236	236	267
Single Mothers With Children																	
Under 25	445	517	596	604	753	738	711	790	826	858	939	909	992	1,001	1,006	1,001	1,074
25-34	1,043	1,110	1,294	1,410	1,542	1,537	1,591	1,767	1,800	1,993	2,181	2,204	2,117	2,232	2,331	2,332	2,422
35-54	1,690	1,764	1,721	1,845	1,938	2,054	2,183	2,328	2,355	2,433	2,460	2,705	2,654	2,742	2,796	2,887	2,918
55-64	151	182	182	186	170	261	285	267	268	241	310	266	260	295	294	277	282
65 & Over	57	67	64	82	68	87	104	105	105	125	122	119	126	139	145	150	158
Childless Families																	
Under 25	1,499	1,564	1,700	1,761	1,730	1,818	1,783	1,630	1,632	1,547	1,547	1,568	1,455	1,397	1,295	1,280	1,228
25-34	1,699	1,923	2,151	2,338	2,479	2,543	2,788	2,824	2,781	2,948	3,017	3,073	3,090	3,116	3,307	3,282	3,423
35-54	5,544	5,499	5,783	5,876	5,901	5,920	6,056	6,083	6,208	6,299	6,654	6,979	7,228	7,637	7,976	7,972	8,357
55-64	6,235	6,357	6,450	6,388	6,429	6,684	6,682	6,952	7,080	7,137	7,315	7,576	7,715	7,654	7,603	7,641	7,669
65 & Over	6,907	7,155	7,373	7,589	7,773	7,905	7,967	8,090	8,367	8,677	9,051	9,294	9,415	9,565	9,697	9,935	10,114
Unrelated Individuals																	
Under 25	1,948	2,268	2,364	2,853	2,817	3,262	3,621	3,984	4,434	4,458	4,554	4,360	4,092	4,165	4,391	4,361	4,257
25-34	1,798	2,067	2,250	2,756	3,075	3,537	3,979	4,544	4,981	5,632	6,319	6,686	6,787	7,195	7,340	7,896	7,937
35-54	2,973	3,066	3,116	3,380	3,360	3,456	3,623	3,945	4,187	4,490	4,697	4,968	5,209	5,634	6,069	6,604	6,717
55-64	2,749	2,752	2,802	2,830	2,970	2,998	3,080	3,187	3,228	3,220	3,438	3,431	3,294	3,579	3,603	3,451	3,449
65 & Over	5,841	6,073	6,188	6,294	6,516	6,851	7,027	7,318	7,610	7,656	7,992	8,134	8,406	8,591	8,764	8,924	9,184

SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

TABLE A-3. DISTRIBUTION OF FAMILIES BY AGE OF FAMILY HEAD AND FAMILY TYPE, 1970-1986 (In percents of families of given type)

Age of Family Head	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
All Families																	
Under 25	9	10	10	10	10	10	10	10	10	10	10	9	9	9	9	8	8
25-34	19	20	20	21	22	21	22	22	22	23	24	24	23	24	24	24	24
35-54	37	35	35	34	34	34	33	33	33	32	32	32	33	33	33	34	34
55-64	16	16	15	15	15	15	15	15	15	14	14	14	14	14	14	13	13
65 & Over	20	20	20	20	20	20	20	20	20	20	20	20	21	20	20	20	21
All Families With Children																	
Under 25	9	9	9	9	9	8	7	8	8	8	8	7	7	7	7	7	7
25-34	31	31	32	33	34	33	33	33	33	34	35	35	34	35	34	34	34
35-54	54	52	51	51	50	52	52	51	52	51	50	51	51	51	52	52	53
55-64	6	6	5	5	5	6	6	6	6	5	5	5	6	5	5	5	5
65 & Over	1	1	1	1	1	2	2	2	2	2	2	2	2	2	2	2	2
Married Couples With Children																	
Under 25	8	8	8	8	8	6	6	6	6	6	6	5	5	5	5	5	4
25-34	31	33	33	34	34	34	34	34	34	34	35	35	35	36	35	35	35
35-54	54	53	53	52	52	53	53	53	53	54	53	53	54	54	55	55	56
55-64	6	6	5	5	5	6	6	6	6	5	5	5	5	5	5	5	4
65 & Over	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Single Mothers With Children																	
Under 25	13	14	15	15	17	16	15	15	15	15	16	15	16	16	15	15	16
25-34	31	30	34	34	34	33	33	34	34	35	36	36	34	35	35	35	35
35-54	50	48	45	45	43	44	45	44	44	43	41	44	43	43	43	43	43
55-64	4	5	5	5	4	6	6	5	5	4	5	4	4	5	4	4	4
65 & Over	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Childless Families																	
Under 25	7	7	7	7	7	7	7	6	6	6	6	6	5	5	4	4	4
25-34	8	9	9	10	10	10	11	11	11	11	11	11	11	11	11	11	11
35-54	25	24	25	25	24	24	24	24	24	24	24	24	25	26	27	26	27
55-64	28	28	27	27	26	27	26	27	27	27	27	27	27	26	25	25	25
65 & Over	32	32	31	32	32	32	32	32	32	33	33	33	33	33	32	33	33
Unrelated Individuals																	
Under 25	13	14	14	16	15	16	17	17	18	18	17	16	15	14	15	14	13
25-34	12	13	13	15	16	18	19	20	20	22	23	24	24	25	24	25	25
35-54	19	19	19	19	18	17	17	17	17	18	17	18	19	19	20	21	21
55-64	18	17	17	16	16	15	14	14	13	13	13	12	12	12	12	11	11
65 & Over	38	37	37	35	35	34	33	32	31	30	30	29	30	29	29	29	29

SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

TABLE A-4. MEDIAN AND PERCENTILES OF ADJUSTED FAMILY INCOME, BY FAMILY TYPE, 1970-1986 (In percents of poverty thresholds)

Income Percentile	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
									All Families								
20TH	127	126	133	138	134	132	135	137	141	142	137	132	131	130	135	138	139
40TH	215	215	228	233	229	226	230	233	242	246	239	233	231	234	243	245	252
Median	260	260	277	283	275	274	280	285	295	298	291	286	285	290	299	303	313
60TH	311	311	329	337	328	326	336	341	353	355	347	346	344	350	363	368	381
80TH	444	450	476	485	471	471	482	495	510	517	506	509	511	525	539	551	571
									All Families With Children								
20TH	145	142	147	151	145	138	141	142	149	149	136	129	120	119	122	127	128
40TH	217	216	230	236	229	225	230	234	241	245	232	223	217	218	226	230	237
Median	251	251	268	274	266	263	271	275	284	289	275	268	261	263	273	280	287
60TH	287	288	308	315	307	303	312	319	330	334	322	315	311	315	325	332	341
80TH	387	387	417	425	414	409	421	434	448	455	443	437	436	445	464	475	491
									Married Couples With Children								
20TH	168	169	177	187	181	174	180	185	191	195	184	173	169	166	177	178	187
40TH	235	237	254	262	254	251	262	266	275	282	270	264	256	261	269	276	287
Median	266	270	291	297	290	287	298	306	317	323	312	306	301	305	316	323	336
60TH	303	306	328	338	328	325	340	347	359	366	354	352	344	353	368	375	389
80TH	401	406	437	447	434	435	445	459	477	487	476	471	472	488	508	519	540
									Single Mothers With Children								
20TH	56	56	58	60	56	60	63	65	60	62	57	54	50	48	48	50	49
40TH	91	89	92	92	93	93	94	97	96	104	97	93	83	84	87	87	86
Median	112	109	109	114	114	114	115	121	125	134	128	123	110	112	116	119	114
60TH	146	136	140	143	143	143	148	153	162	169	165	157	148	151	154	158	156
80TH	225	212	224	231	232	228	240	246	252	267	258	248	248	243	250	265	262

(Continued)

TABLE A-4. Continued

Income Percentile	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
								Nonelderly Childless Families									
20TH	240	239	255	259	252	246	250	258	275	279	272	251	241	249	252	256	268
40TH	356	359	373	380	373	367	380	389	408	414	401	384	375	387	393	397	420
Median	407	413	432	442	429	426	436	449	468	475	461	450	438	449	464	469	491
60TH	461	467	490	501	491	484	495	511	529	543	527	515	509	523	538	549	570
80TH	612	624	655	669	648	645	657	673	699	710	700	692	691	705	735	763	779
								Nonelderly Unrelated Individuals									
20TH	90	85	90	97	98	97	98	106	109	115	111	107	107	103	106	113	114
40TH	185	179	185	196	190	186	194	198	210	219	213	209	215	212	214	223	226
Median	238	235	237	245	234	239	245	255	264	273	266	262	263	265	269	279	289
60TH	293	289	295	307	292	296	305	311	321	326	319	323	328	322	329	347	349
80TH	429	424	438	451	428	435	442	452	470	471	470	475	482	495	501	514	531
								Elderly Childless Families									
20TH	119	126	139	142	146	151	152	153	156	158	158	162	167	171	177	179	186
40TH	180	190	202	204	210	215	218	216	226	230	234	238	243	247	262	265	275
Median	215	223	238	243	246	251	259	255	265	270	278	280	291	296	311	314	323
60TH	259	266	286	290	292	300	309	306	314	316	325	332	346	349	368	369	383
80TH	407	410	437	454	434	453	467	470	471	470	492	504	513	523	548	549	570
								Elderly Unrelated Individuals									
20TH	67	70	76	82	87	89	89	92	95	92	93	92	97	99	102	102	100
40TH	92	99	107	115	114	119	118	121	126	124	124	126	131	136	137	137	136
Median	107	115	122	130	130	133	134	137	143	140	140	145	150	159	161	160	161
60TH	128	135	142	150	147	156	157	161	170	167	167	173	181	192	195	197	197
80TH	207	215	226	228	242	240	244	249	263	260	257	275	295	312	325	321	324

SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

TABLE A-5. MEDIAN AND PERCENTILES OF ADJUSTED FAMILY INCOME, RELATIVE TO 1970, BY FAMILY TYPE, 1970-1986 (In percents of 1970 level)

Income Percentile	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
All Families																	
20TH	100	99	105	109	106	104	106	108	111	112	108	104	103	102	106	109	109
40TH	100	100	106	108	107	105	107	108	113	114	111	108	107	109	113	114	117
Median	100	100	107	109	106	105	108	110	113	114	112	110	110	111	115	116	120
60TH	100	100	106	108	105	105	108	110	114	114	112	111	111	112	117	118	122
80TH	100	101	107	109	106	106	109	111	115	116	114	115	115	118	121	124	129
All Families With Children																	
20TH	100	98	101	104	100	95	97	98	103	103	94	89	83	82	84	88	88
40TH	100	100	106	109	106	104	106	108	111	113	107	103	100	100	104	106	109
Median	100	100	107	109	106	105	108	110	113	115	109	107	104	105	109	111	114
60TH	100	100	107	110	107	106	109	111	115	117	112	110	108	110	113	116	119
80TH	100	100	108	110	107	106	109	112	116	118	115	113	113	115	120	123	127
Married Couples With Children																	
20TH	100	101	105	111	108	104	107	110	114	116	109	103	101	99	105	106	111
40TH	100	101	108	111	108	107	111	113	117	120	115	112	109	111	114	117	122
Median	100	102	109	112	109	108	112	115	119	122	117	115	113	115	119	121	126
60TH	100	101	108	112	108	107	112	115	118	121	117	116	113	116	121	124	128
80TH	100	101	109	111	108	108	111	114	119	121	119	118	118	122	127	129	135
Single Mothers With Children																	
20TH	100	100	104	107	100	107	112	116	107	111	102	96	89	86	86	89	87
40TH	100	98	101	101	102	102	103	107	105	114	106	102	91	92	96	96	94
Median	100	97	97	102	102	102	103	108	112	119	114	110	98	100	103	106	102
60TH	100	93	96	98	98	98	101	105	111	116	113	107	101	103	105	108	107
80TH	100	94	100	103	103	101	107	109	112	118	114	110	110	108	111	118	116

(Continued)

TABLE A-5. Continued

Income Percentile	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
								Nonelderly Childless Families									
20TH	100	100	106	108	105	103	104	108	115	116	113	104	100	104	105	107	112
40TH	100	101	105	107	105	103	107	109	115	116	113	108	105	109	110	111	118
Median	100	101	106	109	105	105	107	110	115	117	113	111	108	110	114	115	121
60TH	100	101	106	109	107	105	107	111	115	118	114	112	110	113	117	119	124
80TH	100	102	107	109	106	105	107	110	114	116	114	113	113	115	120	125	127
								Nonelderly Unrelated Individuals									
20TH	100	94	100	108	109	108	109	118	121	128	123	119	119	114	118	125	127
40TH	100	97	100	106	103	101	105	107	114	118	115	113	116	114	116	120	122
Median	100	99	100	103	98	100	103	107	111	115	112	110	110	111	113	117	121
60TH	100	99	101	105	100	101	104	106	110	111	109	110	112	110	112	118	119
80TH	100	99	102	105	100	101	103	105	110	110	110	111	112	115	116	120	124
								Elderly Childless Families									
20TH	100	106	117	119	123	127	128	129	131	133	133	136	140	144	149	150	156
40TH	100	106	112	113	117	119	121	120	126	128	130	132	135	137	145	147	153
Median	100	104	111	113	114	117	120	119	123	125	129	130	135	138	145	146	150
60TH	100	103	110	112	113	116	119	118	121	122	125	128	133	135	142	142	148
80TH	100	101	107	112	107	111	115	115	116	116	121	124	126	128	135	135	140
								Elderly Unrelated Individuals									
20TH	100	104	113	122	130	133	133	137	142	137	139	137	145	148	152	152	149
40TH	100	108	116	125	124	129	128	132	137	135	135	137	142	148	149	149	148
Median	100	107	114	121	121	124	125	128	134	131	131	135	140	148	150	149	150
60TH	100	105	111	117	115	122	123	126	133	130	130	135	141	150	152	154	154
80TH	100	104	109	110	117	116	118	120	127	125	124	133	142	151	157	155	156

SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

TABLE A-6. PERCENTAGE OF FAMILIES WITH ADJUSTED FAMILY INCOME BELOW THE MEDIAN INCOME AND THE 20TH PERCENTILE INCOME FOR ALL FAMILIES, BY FAMILY TYPE, 1970-1986 (In percentages of families of given type)

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Percentage of Families With Income Below the Median Income for All Families																	
Families With Children	52	53	52	52	53	53	52	52	53	52	54	54	55	56	55	55	55
Married couples	48	47	46	46	46	46	45	45	45	44	45	45	47	47	46	46	45
Single mothers	87	87	87	87	86	87	86	85	86	85	85	86	85	87	86	85	87
Nonelderly Units																	
Childless families	23	23	23	24	23	24	24	24	23	23	23	25	26	25	27	26	25
Unrelated individuals	55	55	57	56	58	56	56	55	55	55	54	55	54	54	54	54	54
Elderly Units																	
Childless families	60	59	58	58	56	55	55	57	57	56	53	51	49	49	48	48	48
Unrelated individuals	86	86	86	86	83	84	84	85	84	85	84	82	79	77	77	78	78
Percentage of Families With Income Below 20th Percentile Income for All Families																	
Families With Children	16	17	17	17	18	19	18	19	19	19	20	21	22	22	22	22	22
Married couples	10	11	11	10	11	12	11	11	11	11	12	12	13	13	13	13	12
Single mothers	54	57	58	58	57	57	56	55	54	52	53	53	56	55	55	54	57
Nonelderly Units																	
Childless families	6	6	6	6	6	6	6	6	6	6	6	7	7	7	7	8	7
Unrelated individuals	28	30	30	29	30	28	28	26	26	25	25	25	25	26	25	24	25
Elderly Units																	
Childless families	22	20	18	19	16	15	15	15	16	16	14	12	12	11	10	11	10
Unrelated individuals	60	56	55	54	53	50	51	50	49	51	48	44	40	37	39	40	41

SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

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TABLE A-7. DISTRIBUTION OF FAMILY INCOME BY SOURCE, FAMILIES IN THE BOTTOM INCOME QUINTILE, BY FAMILY TYPE, 1970-1986 (In percents of total family income)

Income Source	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
All Families																	
Primary Earner	45	44	44	43	42	40	40	40	42	42	42	42	42	43	44	44	44
Other Earners	3	3	3	3	2	2	2	2	3	3	2	2	2	2	2	3	3
Other Private Income	11	10	10	10	10	13	12	11	11	12	12	12	14	14	12	12	12
Non-Means-Tested Transfers	26	26	27	29	29	27	28	29	29	28	28	27	25	23	24	25	25
Means-Tested Transfers	15	16	16	16	17	18	18	18	16	15	16	16	17	17	17	16	16
All Families With Children																	
Primary Earner	67	65	63	61	59	56	56	55	59	59	57	55	52	51	54	55	54
Other Earners	7	6	6	6	6	5	5	5	6	5	4	5	3	4	4	4	5
Other Private Income	7	7	7	7	8	11	10	9	8	8	10	10	13	12	10	9	9
Non-Means-Tested Transfers	6	6	7	8	9	8	8	9	8	8	7	8	7	7	7	7	7
Means-Tested Transfers	13	16	17	17	19	21	21	22	20	19	22	23	25	26	25	24	25
Married Couples With Children																	
Primary Earner	82	81	81	79	78	74	75	75	77	76	76	74	72	72	74	74	74
Other Earners	8	8	8	9	9	8	9	9	9	10	8	9	8	9	9	10	10
Other Private Income	4	4	4	5	6	10	8	7	6	6	8	8	11	10	8	8	7
Non-Means-Tested Transfers	2	3	3	4	5	4	5	5	4	4	4	4	4	4	4	4	4
Means-Tested Transfers	3	3	3	3	3	4	4	4	4	3	5	4	5	6	5	5	5
Single Mothers With Children																	
Primary Earner	33	26	24	27	26	21	24	26	23	22	19	18	20	19	18	19	21
Other Earners	3	2	a/	1	2	1	1	1	2	a/	1	1	1	a/	1	a/	1
Other Private Income	10	10	9	10	11	13	11	10	9	9	10	12	10	14	9	10	9
Non-Means-Tested Transfers	10	7	10	9	7	8	6	6	7	8	7	6	6	5	4	6	4
Means-Tested Transfers	45	54	57	53	55	56	57	57	59	62	64	63	63	62	69	63	63

(Continued)

TABLE A-7. Continued

Income Source	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Nonelderly Childless Families																	
Primary Earner	68	67	67	64	64	60	59	59	59	59	59	58	56	57	56	56	56
Other Earners	10	9	10	10	8	8	9	9	10	10	10	9	9	10	10	10	12
Other Private Income	10	12	10	11	11	16	16	15	15	16	17	16	19	19	19	18	17
Non-Means-Tested Transfers	10	9	11	13	14	14	13	14	13	13	13	14	13	12	12	12	12
Means-Tested Transfers	2	2	3	2	4	3	3	3	3	2	2	3	3	3	3	3	3
Nonelderly Unrelated Individuals																	
Primary Earner	50	48	45	52	48	43	47	47	52	51	49	48	47	47	51	51	53
Other Earners	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Other Private Income	15	17	17	15	18	18	17	17	18	19	21	18	21	22	19	20	19
Non-Means-Tested Transfers	17	17	18	18	17	19	16	19	16	17	16	16	16	14	14	15	12
Means-Tested Transfers	18	19	20	16	18	20	20	17	15	13	13	17	16	17	17	15	15
Elderly Childless Families																	
Primary Earner	8	8	8	7	6	6	6	5	6	6	5	5	6	6	6	7	6
Other Earners	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/
Other Private Income	11	10	10	9	10	11	10	12	10	12	11	11	12	12	14	12	13
Non-Means-Tested Transfers	72	72	73	76	77	75	76	76	76	74	77	77	76	75	73	74	75
Means-Tested Transfers	10	10	8	7	8	9	9	8	8	9	7	7	6	7	6	7	5
Elderly Unrelated Individuals																	
Primary Earner	3	2	1	a/	1	1	1	1	1	1	1	a/	1	1	a/	1	a/
Other Earners	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Other Private Income	9	8	7	9	8	7	7	7	7	8	9	7	7	8	7	6	8
Non-Means-Tested Transfers	71	75	77	77	74	71	75	75	77	76	74	78	77	74	77	79	78
Means-Tested Transfers	18	15	16	14	17	21	18	17	14	15	16	15	15	17	15	15	15

SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

a. Less than 0.5 percent.

TABLE A-8. DISTRIBUTION OF FAMILY INCOME BY SOURCE, FAMILIES IN THE MIDDLE THREE INCOME QUINTILES, BY FAMILY TYPE, 1970-1986 (In percents of family income)

Income Source	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
All Families																	
Primary Earner	75	74	73	73	71	70	70	70	69	68	68	66	66	65	66	66	65
Other Earners	13	13	13	13	13	13	13	13	14	14	14	14	13	14	14	14	14
Other Private Income	6	7	7	7	7	10	10	9	9	10	11	11	12	12	12	12	12
Non-Means-Tested Transfers	5	5	7	7	8	7	7	7	7	7	8	8	9	9	8	8	8
Means-Tested Transfers	1	1	a/	a/	1	1	1	1	a/	a/	a/	a/	a/	a/	a/	a/	a/
All Families With Children																	
Primary Earner	80	80	80	79	78	77	77	77	76	75	75	74	74	74	74	74	74
Other Earners	14	14	14	15	15	15	15	15	16	17	17	17	17	17	18	18	19
Other Private Income	4	4	4	3	4	6	5	5	5	5	6	6	7	6	6	6	6
Non-Means-Tested Transfers	2	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Means-Tested Transfers	a/	a/	a/	a/	1	1	1	1	1	1	1	1	a/	a/	a/	1	1
Married Couples With Children																	
Primary Earner	82	82	81	81	80	79	79	79	78	77	76	76	75	75	76	75	74
Other Earners	14	14	15	15	15	16	16	16	18	18	19	19	19	19	19	20	21
Other Private Income	3	3	3	3	3	5	4	4	4	4	5	5	5	5	4	4	4
Non-Means-Tested Transfers	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Means-Tested Transfers	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/
Single Mothers With Children																	
Primary Earner	48	46	48	48	49	51	50	53	56	59	61	59	59	59	62	61	62
Other Earners	5	5	4	5	4	4	5	4	5	5	4	5	4	4	4	4	4
Other Private Income	13	12	13	11	11	13	13	12	11	12	12	12	12	12	12	13	12
Non-Means-Tested Transfers	11	11	10	12	12	9	9	9	9	8	7	8	8	8	7	7	6
Means-Tested Transfers	22	26	26	25	24	24	23	21	19	16	15	16	17	16	15	15	16

(Continued)

TABLE A-8. Continued

Income Source	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Nonelderly Childless Families																	
Primary Earner	71	70	70	70	69	68	67	67	66	65	64	64	63	63	63	63	63
Other Earners	22	23	22	22	23	22	22	23	24	24	24	24	24	24	24	25	25
Other Private Income	5	6	5	5	5	8	8	8	8	9	10	10	10	11	11	10	10
Non-Means-Tested Transfers	2	1	2	3	3	2	2	2	2	2	2	3	2	2	2	2	2
Means-Tested Transfers	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/
Nonelderly Unrelated Individuals																	
Primary Earner	89	87	87	88	87	85	86	87	88	88	88	87	87	86	87	89	88
Other Earners	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Other Private Income	8	9	8	8	8	11	10	9	9	9	9	10	10	11	10	9	9
Non-Means-Tested Transfers	3	3	4	4	4	3	3	3	3	2	2	3	2	2	2	2	2
Means-Tested Transfers	1	1	1	1	1	1	1	1	a/	a/	a/	a/	a/	a/	1	a/	a/
Elderly Childless Families																	
Primary Earner	32	30	30	27	25	24	23	22	23	21	22	20	20	20	20	20	20
Other Earners	4	3	3	3	3	3	3	3	3	3	3	3	3	2	3	3	3
Other Private Income	23	27	23	22	23	29	29	29	29	31	31	32	32	32	35	35	35
Non-Means-Tested Transfers	40	40	44	47	48	43	44	45	45	45	43	44	45	45	42	42	41
Means-Tested Transfers	1	1	1	1	1	1	1	1	1	1	1	1	1	1	a/	a/	a/
Elderly Unrelated Individuals																	
Primary Earner	8	8	8	6	5	6	6	6	6	6	5	5	5	5	5	5	4
Other Earners	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Other Private Income	24	27	22	21	21	24	24	24	26	26	24	26	27	29	30	29	29
Non-Means-Tested Transfers	61	59	65	68	69	66	66	66	65	65	68	68	66	64	63	65	65
Means-Tested Transfers	7	6	5	4	5	4	4	4	3	3	3	2	2	2	2	2	1

SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

a. Less than 0.5 percent.

TABLE A-9. ADJUSTED FAMILY INCOME BY AGE OF FAMILY HEAD, 1970-1986 (In percents)

Age of Family Head	Income Percentile	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
									All Families									
Under 25	20TH	96	88	92	92	93	88	85	91	92	95	88	76	73	63	65	66	63
	40TH	175	161	169	178	169	158	160	164	171	177	166	151	146	136	135	138	135
	Median	212	196	210	214	207	194	198	198	212	217	201	190	185	170	175	177	174
	60TH	249	234	248	252	246	231	237	241	257	259	245	232	221	212	213	218	217
	80TH	348	338	349	354	345	330	339	345	359	365	345	339	329	318	322	334	332
25-34	20TH	156	154	159	170	164	160	163	165	165	169	158	144	141	134	144	148	148
	40TH	234	236	250	260	252	251	258	258	266	271	258	248	245	242	252	254	258
	Median	270	273	291	303	294	291	300	305	312	318	303	295	293	290	305	306	310
	60TH	312	312	337	348	336	338	346	351	360	367	352	347	347	341	361	364	368
	80TH	428	431	459	476	461	459	472	481	498	499	487	487	482	490	509	521	534
35-54	20TH	169	167	176	181	173	169	175	179	186	190	179	174	163	170	176	179	188
	40TH	256	261	277	284	273	272	279	289	299	304	294	289	282	295	301	307	323
	Median	301	305	324	333	322	320	331	342	353	355	347	346	337	354	362	368	387
	60TH	351	355	376	386	377	372	385	400	411	416	410	402	397	416	427	434	458
	80TH	485	494	530	536	525	522	535	551	569	577	568	567	567	593	615	625	652
55-64	20TH	148	146	151	161	155	144	149	156	164	165	160	155	153	149	151	152	158
	40TH	266	262	280	283	273	271	275	279	293	296	292	281	279	281	283	287	299
	Median	322	323	341	343	334	331	339	342	361	363	357	348	344	348	348	359	366
	60TH	381	380	402	410	397	393	407	409	431	441	429	419	417	422	427	435	448
	80TH	536	541	569	582	560	567	577	589	617	622	615	612	613	613	638	652	665
65 and Over	20TH	83	89	96	103	105	107	107	110	112	111	112	113	118	118	124	123	123
	40TH	127	134	144	150	151	156	157	157	165	165	166	170	176	183	188	189	194
	Median	156	165	175	181	185	189	189	190	200	201	202	207	216	223	233	233	240
	60TH	195	203	217	219	227	226	230	229	241	244	247	254	264	274	286	287	296
	80TH	330	331	349	356	363	364	373	372	382	379	391	401	421	430	450	454	465

SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

TABLE A-10. ADJUSTED FAMILY INCOME, RELATIVE TO 1970 LEVEL, BY AGE OF FAMILY HEAD, 1970-1986 (In percents)

Age of Family Head	Income Percentile	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
									All Families									
Under 25	20TH	100	92	96	96	97	92	89	95	96	99	92	79	76	66	68	69	66
	40TH	100	92	97	102	97	90	91	94	98	101	95	86	83	78	77	79	77
	Median	100	92	99	104	98	92	93	93	100	102	95	90	87	80	82	83	82
	60TH	100	94	100	101	99	93	95	97	103	104	98	93	89	85	85	87	87
	80TH	100	97	100	102	99	95	97	99	103	105	99	97	94	91	92	96	95
25-34	20TH	100	99	102	109	105	103	104	106	106	108	101	92	90	86	92	95	95
	40TH	100	101	107	111	108	107	110	110	114	116	110	106	105	103	108	108	110
	Median	100	101	108	112	109	108	111	113	116	118	112	109	108	107	113	113	115
	60TH	100	100	108	112	108	108	111	113	115	118	113	111	111	109	116	117	118
	80TH	100	101	107	111	108	107	110	112	116	117	114	114	113	114	119	122	125
35-54	20TH	100	99	104	107	102	100	104	106	110	112	106	103	96	100	104	106	111
	40TH	100	102	108	111	107	106	109	113	117	119	115	113	110	115	117	120	126
	Median	100	101	108	111	107	106	110	114	117	118	115	115	112	117	120	122	128
	60TH	100	101	107	110	107	106	110	114	117	119	117	114	113	118	122	124	130
	80TH	100	102	109	111	108	108	110	114	117	119	117	117	117	122	127	129	134
55-64	20TH	100	99	102	109	105	97	101	105	111	111	108	105	103	101	102	103	107
	40TH	100	98	105	106	103	102	103	105	110	111	110	106	105	106	106	108	112
	Median	100	100	106	107	104	103	105	106	112	113	111	108	107	108	108	111	114
	60TH	100	100	106	108	104	103	107	107	113	116	113	110	109	111	112	114	117
	80TH	100	101	106	109	104	106	108	110	115	116	115	114	114	114	119	122	124
65 and Over	20TH	100	107	116	124	127	129	129	133	135	134	135	136	142	142	149	148	148
	40TH	100	106	113	118	119	123	124	124	130	130	131	134	138	144	148	149	153
	Median	100	106	112	116	119	121	121	122	128	129	129	133	138	143	149	149	154
	60TH	100	104	111	112	116	116	118	117	124	125	126	130	135	140	147	147	152
	80TH	100	100	106	108	110	110	113	113	116	115	119	121	127	130	136	137	141

SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

TABLE A-11. DISTRIBUTION OF ALL FAMILIES BY NUMBER OF FULL-TIME, FULL-YEAR WORKERS, BY FAMILY TYPE, 1970-1986 (In percents of families of given type)

Number of Workers	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
All Families																	
0	38	39	38	38	40	42	42	42	41	41	42	43	44	43	42	41	41
1	49	47	48	48	47	45	45	45	45	45	44	43	43	42	43	43	43
2	12	13	13	13	13	12	12	12	13	13	13	13	12	13	14	14	14
All Families With Children																	
0	25	25	24	24	26	28	28	27	26	25	28	28	30	29	27	27	26
1	61	60	60	60	58	57	57	57	56	56	54	54	52	52	53	53	52
2	13	14	14	15	15	14	15	15	17	17	17	17	16	18	19	19	20
Married Couples With Children																	
0	19	19	17	16	18	21	20	18	18	17	19	20	22	20	18	18	17
1	66	65	66	66	64	62	62	63	61	61	59	59	57	57	58	57	57
2	14	15	16	17	17	16	17	18	19	20	20	20	20	22	23	24	26
Single Mothers With Children																	
0	67	67	67	67	67	67	66	64	63	60	60	60	62	62	59	60	60
1	31	30	30	30	31	32	32	34	35	38	37	38	36	36	38	38	38
2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Nonelderly Childless Families																	
0	21	22	21	20	21	24	23	23	21	21	21	23	24	23	22	22	21
1	50	49	50	50	49	48	49	48	48	47	47	45	46	45	44	44	43
2	27	27	27	28	28	26	26	27	29	29	29	29	27	29	30	31	32
Nonelderly Unrelated Individuals																	
0	49	51	49	47	48	52	52	50	47	47	46	47	47	47	45	43	43
1	51	49	51	53	52	48	48	50	53	53	54	53	53	53	55	57	57
Elderly Childless Families																	
0	71	72	72	73	73	76	77	78	77	78	78	78	79	79	79	78	78
1	24	23	23	23	23	20	20	18	19	18	19	18	18	17	18	18	18
2	5	4	4	4	4	4	3	3	4	3	3	3	3	3	3	3	4
Elderly Unrelated Individuals																	
0	93	94	94	95	95	96	96	96	96	96	96	96	96	96	97	97	97
1	7	6	6	5	5	4	4	4	4	4	4	4	4	4	3	3	3

SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

TABLE A-12. DISTRIBUTION OF FAMILIES IN THE BOTTOM INCOME QUINTILE BY NUMBER OF FULL-TIME, FULL-YEAR WORKERS, BY FAMILY TYPE, 1970-1986 (In percents of families of given type)

Number of Workers	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
All Families																	
0	83	83	82	83	83	86	86	85	86	85	86	85	85	85	84	84	84
1	16	16	16	16	15	13	13	13	13	14	13	13	13	14	15	14	15
2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
All Families With Children																	
0	61	63	64	64	69	74	72	71	70	70	74	75	78	78	76	76	76
1	35	33	34	33	29	24	25	26	27	28	24	23	20	20	22	22	22
2	3	3	3	2	3	2	2	2	2	2	2	2	2	2	2	2	2
Married Couples With Children																	
0	42	43	42	41	45	52	50	47	44	43	49	48	53	52	49	48	46
1	53	52	53	54	49	43	45	48	50	51	46	46	41	42	46	46	47
2	5	5	4	5	6	4	5	5	5	5	5	5	6	5	5	6	7
Single Mothers With Children																	
0	95	96	96	95	95	98	98	96	97	96	98	99	98	99	98	99	97
1	5	4	4	5	5	2	2	4	3	4	2	1	2	1	2	1	3
2	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/	a/
Nonelderly Childless Families																	
0	54	58	53	55	56	64	61	58	56	57	55	60	62	59	59	58	57
1	39	36	41	38	38	31	34	37	38	37	38	33	32	34	34	34	36
2	6	6	6	6	6	4	5	4	5	6	6	7	5	6	7	7	7
Nonelderly Unrelated Individuals																	
0	92	92	92	90	90	94	94	94	94	92	93	93	93	94	92	93	91
1	8	8	8	10	10	6	6	6	6	8	7	7	7	6	8	7	9
Elderly Childless Families																	
0	93	94	94	94	92	95	94	95	97	97	97	97	95	96	95	94	95
1	6	6	6	6	7	4	5	4	3	3	3	3	4	3	5	5	4
2	1	1	a/	a/	1	1	1	1	a/	a/	a/	a/	a/	a/	a/	a/	1
Elderly Unrelated Individuals																	
0	98	98	99	98	98	98	98	99	98	99	99	100	99	99	99	100	99
1	2	2	1	2	2	2	2	1	2	1	1	a/	1	1	1	a/	1

SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

a. Less than 0.5 percent.

TABLE A-13. DISTRIBUTION OF FAMILIES IN THE MIDDLE THREE INCOME QUINTILES BY NUMBER OF FULL-TIME, FULL-YEAR WORKERS, BY FAMILY TYPE, 1970-1986 (In percents of families of given type)

Number of Workers	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
All Families																	
0	32	33	32	32	34	38	37	36	35	36	37	38	39	39	37	36	36
1	57	56	56	56	55	52	52	53	53	52	52	50	50	49	50	51	50
2	10	10	11	11	10	10	10	10	11	11	11	11	10	11	13	12	13
All Families With Children																	
0	19	19	17	17	18	20	20	19	18	17	19	20	22	21	18	18	17
1	68	68	68	68	67	66	66	67	65	65	64	63	62	62	63	63	62
2	12	13	13	14	14	13	13	14	15	16	15	16	15	16	18	18	20
Married Couples With Children																	
0	16	16	14	12	14	16	14	13	13	12	14	15	17	15	12	12	11
1	70	70	70	71	69	69	69	69	67	66	65	64	63	63	64	63	62
2	13	14	15	16	15	15	16	16	19	20	20	20	19	21	23	24	26
Single Mothers With Children																	
0	70	72	71	72	69	71	70	67	65	61	62	61	64	64	61	61	62
1	29	27	27	27	29	28	29	32	33	38	37	37	36	35	38	38	37
2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Nonelderly Childless Families																	
0	15	15	15	13	14	16	16	16	14	14	15	16	17	17	15	15	15
1	58	56	56	57	56	56	56	54	53	52	52	51	52	50	50	49	48
2	26	27	27	28	28	26	26	28	30	31	30	30	28	30	31	33	34
Nonelderly Unrelated Individuals																	
0	46	48	47	45	45	50	49	46	43	43	42	43	43	42	40	36	36
1	54	52	53	55	55	50	51	54	57	57	58	57	57	58	60	64	64
Elderly Childless Families																	
0	75	76	76	77	77	80	81	82	81	82	81	81	82	81	81	80	79
1	22	21	21	21	21	18	17	16	17	16	17	17	16	17	17	17	18
2	3	3	3	2	2	2	2	2	2	2	2	2	2	2	2	2	3
Elderly Unrelated Individuals																	
0	97	97	97	98	98	98	98	98	98	98	99	99	98	98	98	98	98
1	3	3	3	2	2	2	2	2	2	2	1	1	2	2	2	2	2

SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

TABLE A-14. DISTRIBUTION OF FAMILIES IN THE TOP INCOME QUINTILE BY NUMBER OF FULL-TIME, FULL-YEAR WORKERS, BY FAMILY TYPE, 1970-1986 (In percents of families of given type)

Number of Workers	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
All Families																	
0	13	14	13	13	14	13	14	14	13	13	14	15	17	16	15	16	15
1	55	54	55	55	53	55	55	54	54	53	53	53	52	51	50	50	50
2	30	30	30	30	30	29	28	29	31	30	30	29	28	30	31	32	32
All Families With Children																	
0	6	7	6	7	7	6	6	6	6	6	6	6	6	5	4	5	5
1	63	62	63	62	59	61	60	59	57	56	56	56	57	53	53	52	52
2	28	28	28	29	31	29	31	32	34	34	35	35	35	38	39	40	41
Married Couples With Children																	
0	3	3	1	2	2	6	6	5	5	5	5	5	5	4	4	4	4
1	66	65	66	64	61	61	59	59	57	56	54	55	56	52	51	50	50
2	29	29	30	32	34	31	32	33	35	36	37	38	37	41	43	44	44
Single Mothers With Children																	
0	33	28	29	30	33	23	22	20	19	20	17	18	21	17	15	16	17
1	60	65	63	62	57	71	71	72	72	72	74	76	72	74	75	75	76
2	6	7	7	6	8	6	6	7	8	8	8	5	6	7	8	8	7
Nonelderly Childless Families																	
0	6	5	6	6	5	7	7	7	6	6	6	6	7	7	5	6	5
1	40	41	41	41	42	42	44	43	41	42	42	40	42	40	37	36	36
2	50	49	48	49	48	47	45	45	48	47	47	48	46	47	51	52	52
Nonelderly Unrelated Individuals																	
0	20	23	19	18	21	16	17	18	14	16	15	15	16	15	12	15	13
1	80	77	81	82	79	84	83	82	86	84	85	85	84	85	88	85	87
Elderly Childless Families																	
0	37	39	39	42	44	43	47	49	45	49	51	53	55	58	57	54	56
1	48	47	46	46	44	44	42	41	41	40	39	37	36	33	33	34	33
2	14	13	12	11	11	12	10	10	13	9	8	9	8	8	9	10	10
Elderly Unrelated Individuals																	
0	78	82	81	84	85	88	88	88	89	86	87	87	88	88	91	89	89
1	22	18	19	16	15	12	12	12	11	14	13	13	12	12	9	11	11

SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

TABLE A-15. AVERAGE NUMBER OF FULL-TIME, FULL-YEAR WORKERS, BY FAMILY TYPE, 1970-1986 (In workers per family)

Family Type	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
All Families																	
All Families	0.76	0.76	0.77	0.77	0.76	0.71	0.72	0.73	0.75	0.75	0.74	0.73	0.71	0.72	0.75	0.75	0.76
All Families With Children	0.91	0.91	0.93	0.94	0.92	0.88	0.90	0.92	0.94	0.95	0.92	0.92	0.89	0.92	0.95	0.96	0.97
Married couples	0.98	0.99	1.01	1.03	1.02	0.97	1.00	1.02	1.05	1.07	1.05	1.04	1.01	1.05	1.08	1.09	1.12
Single mothers	0.36	0.36	0.35	0.35	0.36	0.35	0.37	0.39	0.40	0.43	0.42	0.42	0.40	0.41	0.44	0.43	0.42
Nonelderly Units																	
Childless families	1.10	1.10	1.11	1.12	1.12	1.06	1.07	1.09	1.14	1.15	1.14	1.12	1.09	1.13	1.17	1.18	1.19
Unrelated individuals	0.51	0.49	0.51	0.53	0.52	0.48	0.48	0.50	0.53	0.53	0.54	0.53	0.53	0.53	0.55	0.57	0.57
Elderly Units																	
Childless families	0.35	0.33	0.33	0.31	0.31	0.29	0.27	0.26	0.27	0.26	0.26	0.25	0.25	0.24	0.26	0.26	0.27
Unrelated individuals	0.07	0.06	0.06	0.05	0.05	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.03	0.03	0.03
Families in the Bottom Income Quintile																	
All Families	0.19	0.19	0.19	0.19	0.18	0.15	0.15	0.16	0.15	0.16	0.16	0.16	0.16	0.16	0.18	0.17	0.18
All Families With Children	0.42	0.40	0.40	0.39	0.35	0.28	0.30	0.32	0.33	0.32	0.28	0.28	0.25	0.24	0.26	0.26	0.27
Married couples	0.63	0.63	0.63	0.64	0.61	0.52	0.56	0.59	0.62	0.63	0.57	0.58	0.54	0.54	0.58	0.58	0.61
Single mothers	0.05	0.05	0.04	0.05	0.05	0.02	0.02	0.04	0.03	0.04	0.02	0.01	0.02	0.02	0.02	0.01	0.03
Nonelderly Units																	
Childless families	0.52	0.49	0.54	0.51	0.51	0.41	0.45	0.46	0.50	0.49	0.51	0.48	0.44	0.47	0.50	0.50	0.52
Unrelated individuals	0.08	0.08	0.08	0.10	0.10	0.06	0.06	0.06	0.06	0.08	0.07	0.07	0.07	0.06	0.08	0.07	0.09
Elderly Units																	
Childless families	0.08	0.07	0.06	0.06	0.09	0.05	0.07	0.06	0.04	0.04	0.04	0.04	0.05	0.04	0.06	0.06	0.06
Unrelated individuals	0.02	0.02	0.01	0.02	0.02	0.02	0.02	0.01	0.02	0.01	0.01	0.00	0.01	0.01	0.01	0.00	0.01

(Continued)

TABLE A-13. Continued

Family Type	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Families in the Middle Three Income Quintiles																	
All Families	0.80	0.79	0.80	0.81	0.79	0.73	0.75	0.75	0.78	0.78	0.76	0.75	0.73	0.75	0.77	0.79	0.80
All Families With Children	0.95	0.96	0.99	1.00	0.99	0.94	0.96	0.98	1.01	1.03	0.99	0.98	0.95	0.97	1.03	1.03	1.06
Married couples	0.99	1.00	1.03	1.06	1.05	1.01	1.04	1.06	1.09	1.11	1.09	1.07	1.05	1.09	1.13	1.14	1.18
Single mothers	0.31	0.30	0.30	0.30	0.32	0.30	0.32	0.34	0.36	0.40	0.39	0.40	0.37	0.37	0.41	0.40	0.39
Nonelderly Units																	
Childless families	1.15	1.16	1.16	1.19	1.18	1.14	1.14	1.17	1.22	1.23	1.22	1.20	1.17	1.21	1.24	1.26	1.27
Unrelated individuals	0.54	0.52	0.53	0.55	0.55	0.50	0.51	0.54	0.57	0.57	0.58	0.57	0.57	0.58	0.60	0.64	0.64
Elderly Units																	
Childless families	0.28	0.27	0.27	0.26	0.26	0.22	0.21	0.20	0.21	0.20	0.21	0.21	0.20	0.21	0.22	0.22	0.24
Unrelated individuals	0.03	0.03	0.03	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.01	0.01	0.02	0.02	0.02	0.02	0.02
Families in the Top Income Quintile																	
All Families	1.23	1.22	1.23	1.23	1.23	1.22	1.21	1.22	1.25	1.25	1.24	1.22	1.18	1.21	1.24	1.23	1.25
All Families With Children	1.28	1.28	1.28	1.28	1.30	1.30	1.31	1.34	1.36	1.37	1.38	1.37	1.35	1.41	1.42	1.42	1.42
Married couples	1.31	1.32	1.34	1.36	1.38	1.30	1.32	1.35	1.37	1.39	1.41	1.39	1.36	1.43	1.44	1.45	1.45
Single mothers	0.75	0.80	0.80	0.79	0.78	0.84	0.86	0.90	0.91	0.90	0.93	0.90	0.88	0.93	0.96	0.96	0.92
Nonelderly Units																	
Childless families	1.54	1.54	1.54	1.53	1.54	1.48	1.49	1.48	1.55	1.55	1.53	1.55	1.50	1.53	1.61	1.59	1.62
Unrelated individuals	0.80	0.77	0.81	0.82	0.79	0.84	0.83	0.82	0.86	0.84	0.85	0.85	0.84	0.85	0.88	0.85	0.87
Elderly Units																	
Childless families	0.82	0.77	0.77	0.72	0.69	0.71	0.66	0.63	0.71	0.64	0.60	0.59	0.57	0.52	0.56	0.59	0.56
Unrelated individuals	0.22	0.18	0.19	0.16	0.15	0.12	0.12	0.12	0.11	0.14	0.13	0.13	0.12	0.12	0.09	0.11	0.11

SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

TABLE A-16. MEDIAN ADJUSTED FAMILY INCOME BY NUMBER OF WORKERS, BY FAMILY TYPE, 1970-1986 (In percents)

Number of Workers	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
All Families																	
0	144	146	150	156	156	158	160	162	164	168	164	163	166	166	167	168	171
1	307	309	325	335	326	335	343	346	356	358	351	349	350	352	360	361	374
2	442	443	466	476	466	468	468	485	496	495	491	486	487	501	514	520	532
All Families With Children																	
0	147	139	138	137	136	131	135	130	135	132	126	119	115	109	104	106	104
1	265	267	285	290	285	289	294	299	303	307	300	291	294	291	301	302	309
2	356	351	379	380	377	380	388	401	413	411	408	404	399	412	421	433	437
Married Couples With Children																	
0	188	186	189	196	189	174	179	180	191	192	180	176	170	161	162	160	168
1	271	274	291	297	293	297	305	308	318	320	314	306	310	309	315	318	329
2	362	359	387	387	387	387	396	408	419	419	417	413	408	420	434	446	449
Single Mothers With Children																	
0	83	81	85	85	85	84	85	85	82	83	77	73	68	68	67	68	68
1	202	198	209	215	211	215	219	226	225	235	226	216	215	219	223	230	228
2	283	256	288	287	300	291	286	320	334	318	316	267	289	312	322	317	310
Nonelderly Childless Families																	
0	237	219	251	241	236	232	244	247	256	263	261	241	236	245	236	237	253
1	393	400	416	421	416	427	438	444	456	465	451	448	435	443	448	453	471
2	541	552	571	581	569	567	569	575	593	597	590	581	582	593	618	628	642
Nonelderly Unrelated Individuals																	
0	125	121	122	132	126	135	132	138	135	149	141	136	134	129	131	136	133
1	354	351	364	368	345	362	367	365	374	376	368	372	377	382	387	393	397
Elderly Childless Families																	
0	175	186	199	201	211	217	221	220	229	234	238	246	253	260	272	276	286
1	358	362	386	394	380	416	427	428	429	444	434	430	445	446	461	468	473
2	460	484	511	511	506	537	530	545	613	574	550	616	570	605	629	639	614
Elderly Unrelated Individuals																	
0	103	111	119	126	127	130	131	134	140	136	137	140	146	154	157	155	156
1	292	274	307	334	322	316	320	320	339	349	369	392	394	395	371	409	399

SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

TABLE A-17. MEDIAN ADJUSTED FAMILY INCOME, RELATIVE TO 1970 LEVEL, BY NUMBER OF WORKERS, BY FAMILY TYPE, 1970-1986 (In percents of 1970 median family income)

Number of Workers	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
All Families																	
0	100	101	104	108	108	110	111	113	114	116	114	113	115	115	116	117	119
1	100	101	106	109	106	109	112	113	116	117	114	114	114	115	117	118	122
2	100	100	105	108	105	106	106	110	112	112	111	110	110	113	116	118	120
All Families With Children																	
0	100	95	94	93	93	89	92	88	92	90	86	81	78	74	71	72	71
1	100	101	108	109	108	109	111	113	114	116	113	110	111	110	114	114	117
2	100	99	106	107	106	107	109	113	116	116	115	113	112	116	118	122	123
Married Couples With Children																	
0	100	99	101	104	101	93	95	96	102	102	96	94	90	86	86	85	89
1	100	101	107	110	108	110	113	114	117	118	116	113	114	114	116	117	121
2	100	99	107	107	107	107	109	113	116	116	115	114	113	116	120	123	124
Single Mothers With Children																	
0	100	98	102	102	102	101	102	102	99	100	93	88	82	82	81	82	82
1	100	98	103	106	104	106	108	112	111	116	112	107	106	108	110	114	113
2	100	90	102	101	106	103	101	113	118	113	111	94	102	110	114	112	109
Nonelderly Childless Families																	
0	100	92	106	102	100	98	103	104	108	111	110	102	99	103	100	100	107
1	100	102	106	107	106	109	111	113	116	118	115	114	111	113	114	115	120
2	100	102	106	107	105	105	105	106	110	110	109	107	107	110	114	116	119
Nonelderly Unrelated Individuals																	
0	100	97	98	106	101	108	106	110	108	119	113	109	107	103	105	109	106
1	100	99	103	104	97	102	104	103	106	106	104	105	106	108	109	111	112
Elderly Childless Families																	
0	100	106	114	115	121	124	126	126	131	133	136	140	144	148	155	158	163
1	100	101	108	110	106	116	119	120	120	124	121	120	124	124	129	131	132
2	100	105	111	111	110	117	115	118	133	125	120	134	124	132	137	139	133
Elderly Unrelated Individuals																	
0	100	108	116	122	123	126	127	130	136	132	133	136	142	149	152	150	151
1	100	94	105	114	110	108	110	110	116	120	127	134	135	135	127	140	137

SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

TABLE A-18. MEDIAN AND PERCENTILES OF ADJUSTED FAMILY INCOME BY AGE OF FAMILY HEAD AND FAMILY TYPE, 1970-1986 (In percents)

Age of Family Head	Income Percentile	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
									All Families									
Under 25	20TH	96	88	92	92	93	88	85	91	92	95	88	76	73	63	65	66	63
	40TH	175	161	169	178	169	158	160	164	171	177	166	151	146	136	135	138	135
	Median	212	196	210	214	207	194	198	198	212	217	201	190	185	170	175	177	174
	60TH	249	234	248	252	246	231	237	241	257	259	245	232	221	212	213	218	217
	80TH	348	338	349	354	345	330	339	345	359	365	345	339	329	318	322	334	332
25-34	20TH	156	154	159	170	164	160	163	165	165	169	158	144	141	134	144	148	148
	40TH	234	236	250	260	252	251	258	258	266	271	258	248	245	242	252	254	258
	Median	270	273	291	303	294	291	300	305	312	318	303	295	293	290	305	306	310
	60TH	312	312	337	348	336	338	346	351	360	367	352	347	347	341	361	364	368
	80TH	428	431	459	476	461	459	472	481	498	499	487	487	482	490	509	521	534
35-54	20TH	169	167	176	181	173	169	175	179	186	190	179	174	163	170	176	179	188
	40TH	256	261	277	284	273	272	279	289	299	304	294	289	282	295	301	307	323
	Median	301	305	324	333	322	320	331	342	353	355	347	346	337	354	362	368	387
	60TH	351	355	376	386	377	372	385	400	411	416	410	402	397	416	427	434	458
	80TH	485	494	530	536	525	522	535	551	569	577	568	567	567	593	615	625	652
55-64	20TH	148	146	151	161	155	144	149	156	164	165	160	155	153	149	151	152	158
	40TH	266	262	280	283	273	271	275	279	293	296	292	281	279	281	283	287	299
	Median	322	323	341	343	334	331	339	342	361	363	357	348	344	348	348	359	366
	60TH	381	380	402	410	397	393	407	409	431	441	429	419	417	422	427	435	448
	80TH	536	541	569	582	560	567	577	589	617	622	615	612	613	613	638	652	665
65 and Over	20TH	83	89	96	103	105	107	107	110	112	111	112	113	118	118	124	123	123
	40TH	127	134	144	150	151	156	157	157	165	165	166	170	176	183	188	189	194
	Median	156	165	175	181	185	189	189	190	200	201	202	207	216	223	233	233	240
	60TH	195	203	217	219	227	226	230	229	241	244	247	254	264	274	286	287	296
	80TH	330	331	349	356	363	364	373	372	382	379	391	401	421	430	450	454	465

(Continued)

TABLE A-18. Continued

Age of Family Head	Income Percentile	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
								All Families With Children										
Under 25	20TH	103	94	94	89	84	78	80	74	76	75	68	61	54	49	48	46	45
	40TH	170	159	158	160	149	123	130	130	144	139	126	114	102	90	94	91	85
	Median	200	187	189	192	182	157	159	162	169	169	160	145	135	121	124	126	115
	60TH	232	214	222	225	211	191	190	193	203	210	192	175	172	153	153	158	148
	80TH	301	295	305	302	287	263	271	276	284	296	278	260	248	229	238	238	239
25-34	20TH	142	139	146	153	147	143	144	143	146	145	131	122	114	110	113	114	116
	40TH	211	214	227	234	227	222	226	225	234	232	222	208	201	198	209	2[illegible]	[illegible]
	Median	244	247	261	270	260	254	263	261	270	271	258	250	241	240	250	[illegible]	
	60TH	275	277	296	305	298	289	298	302	308	313	298	290	283	280	293	[illegible]	
	80TH	357	361	389	400	390	377	390	401	412	419	397	397	390	391	413	1[illegible]	425
35-54	20TH	159	156	165	171	165	158	164	168	176	179	167	162	152	154	161	168	174
	40TH	234	236	253	260	251	248	255	263	271	279	268	262	254	260	268	278	287
	Median	268	273	293	299	291	287	297	307	318	323	313	307	303	313	320	329	342
	60TH	311	314	336	343	335	329	342	353	365	369	360	357	349	362	375	381	398
	80TH	416	424	454	461	451	447	453	471	488	498	491	480	485	507	522	532	557
55-64	20TH	131	131	140	140	140	125	133	134	141	148	134	134	123	122	116	124	121
	40TH	222	220	223	236	232	223	229	232	239	245	225	219	218	218	218	228	218
	Median	263	265	277	289	275	273	280	278	287	293	282	268	262	269	276	281	269
	60TH	312	314	329	339	324	318	324	323	338	344	337	319	316	319	336	331	322
	80TH	436	422	454	473	465	443	453	460	475	485	460	454	451	470	487	480	480
65 and Over	20TH	60	68	72	79	78	85	87	78	90	88	92	79	81	75	87	94	91
	40TH	101	110	113	116	126	140	126	122	143	149	133	120	142	132	141	146	144
	Median	137	142	153	147	157	166	149	150	169	180	163	145	177	164	185	173	188
	60TH	191	174	198	184	189	199	184	179	211	209	201	182	219	204	209	222	230
	80TH	304	294	299	284	300	294	283	283	308	308	304	287	292	308	317	340	350

(Continued)

TABLE A-18. Continued

Age of Family Head	Income Percentile	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
								Married Couples With Children										
Under 25	20TH	141	138	141	140	137	114	132	134	141	140	127	119	113	99	105	102	105
	40TH	198	187	194	200	192	172	180	186	196	199	183	166	164	156	150	162	162
	Median	226	212	221	227	214	198	206	209	223	227	212	194	195	178	177	190	188
	60TH	249	239	248	253	245	226	237	240	249	267	245	222	223	211	206	216	224
	80TH	313	312	321	324	310	292	308	308	328	345	318	311	313	285	296	292	300
25-34	20TH	170	171	181	195	190	176	180	183	189	190	178	166	159	153	167	162	173
	40TH	231	235	249	260	253	245	253	255	264	267	255	248	236	237	250	249	256
	Median	260	262	282	291	287	277	284	289	298	305	291	286	275	274	288	289	299
	60TH	287	293	314	326	317	309	319	325	334	345	327	323	315	315	330	334	340
	80TH	372	375	407	421	410	396	413	425	437	446	425	430	423	424	448	455	467
35-54	20TH	179	179	194	201	194	188	195	204	210	216	206	199	192	191	203	211	221
	40TH	250	254	275	282	273	270	281	290	302	307	299	294	289	297	306	314	328
	Median	286	291	313	321	313	307	321	332	344	350	342	338	335	345	355	364	380
	60TH	325	330	355	364	356	350	365	374	390	399	392	384	382	393	408	418	436
	80TH	432	443	478	480	471	471	475	497	513	526	519	512	522	536	554	572	601
55-64	20TH	149	158	158	169	155	151	164	154	167	177	175	165	153	157	156	149	148
	40TH	240	239	265	266	252	262	267	255	268	274	280	262	255	263	254	256	252
	Median	282	286	310	313	292	297	313	304	317	322	326	302	305	311	326	305	308
	60TH	323	330	349	365	340	342	362	346	366	373	376	361	357	359	378	374	365
	80TH	456	443	481	494	491	473	481	495	508	510	501	495	489	510	532	526	524
65 and Over	20TH	74	75	77	86	85	91	99	83	99	112	91	81	92	98	94	111	95
	40TH	107	115	134	138	129	145	139	127	166	166	139	121	156	163	147	157	158
	Median	154	154	175	176	159	174	178	158	206	193	179	145	187	205	190	185	188
	60TH	202	178	220	208	196	202	214	186	229	223	211	186	231	249	217	244	243
	80TH	303	302	318	289	305	294	333	281	334	312	286	288	311	351	343	345	394

(Continued)

TABLE A-18. Continued

Age of Family Head	Income Percentile	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
								Single Mothers With Children										
Under 25	20TH	38	39	38	40	39	42	42	38	38	35	38	34	31	29	26	29	27
	40TH	69	67	72	72	68	71	68	65	68	66	62	57	54	54	53	50	51
	Median	79	77	86	82	82	84	80	76	83	80	76	68	67	66	66	64	66
	60TH	94	90	94	93	101	94	87	90	100	93	91	85	81	80	79	76	76
	80TH	162	139	144	136	170	150	127	139	161	163	165	144	154	142	141	144	132
25-34	20TH	46	52	54	59	56	56	59	63	55	61	54	51	47	46	46	47	45
	40TH	80	81	86	87	87	89	90	91	87	94	87	85	76	76	78	74	73
	Median	96	98	101	105	104	110	110	115	112	124	112	109	97	96	102	95	93
	60TH	117	120	126	138	131	137	142	150	153	151	143	142	129	129	137	132	120
	80TH	193	188	209	218	220	217	228	226	237	240	232	215	215	214	225	224	205
35-54	20TH	70	67	69	70	69	69	74	77	74	73	73	68	65	63	65	68	67
	40TH	117	108	109	113	113	110	113	117	123	134	134	125	114	119	121	130	127
	Median	147	134	138	138	140	137	146	146	161	174	168	160	151	158	160	172	176
	60TH	179	165	171	172	175	173	180	185	201	219	204	200	192	198	201	216	224
	80TH	250	250	270	275	271	267	273	295	302	309	311	293	295	291	306	315	333
55-64	20TH	52	48	51	72	63	71	67	68	66	80	66	71	61	67	55	62	62
	40TH	91	83	87	105	99	107	101	120	104	130	111	124	96	105	95	112	113
	Median	106	115	116	139	130	128	130	152	144	173	139	149	124	128	124	146	146
	60TH	134	140	142	169	173	155	155	190	187	211	170	190	156	160	184	213	168
	80TH	254	243	226	240	280	234	260	302	282	299	252	259	245	263	284	313	286
65 and Over	20TH	41	34	39	44	68	60	58	61	65	73	64	54	54	54	66	81	83
	40TH	59	62	71	70	84	78	86	101	92	108	96	81	84	89	109	110	103
	Median	68	79	82	81	89	88	100	115	110	151	112	104	99	117	141	126	148
	60TH	76	95	91	92	107	104	113	124	133	175	143	130	116	135	169	154	194
	80TH	147	146	162	126	206	196	179	241	162	275	206	233	222	213	225	236	305

(Continued)

TABLE A-18. Continued

Age of Family Head	Income Percentile	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
								Childless Families										
Under 25	20TH	193	172	193	208	201	174	188	196	221	223	216	192	183	181	172	185	191
	40TH	281	268	282	291	292	263	272	291	318	316	314	278	276	271	257	281	277
	Median	320	306	323	332	331	302	313	332	360	358	352	320	322	312	300	322	324
	60TH	367	350	366	377	370	344	355	371	400	403	392	370	366	357	340	360	374
	80TH	469	450	477	486	472	445	455	473	508	511	491	487	459	451	474	474	505
25-34	20TH	294	272	299	308	296	311	308	314	333	328	324	307	306	300	311	312	314
	40TH	408	397	429	429	421	429	422	434	454	455	448	432	422	429	443	447	460
	Median	465	450	473	487	485	476	475	496	503	509	502	487	473	499	505	516	526
	60TH	510	505	533	545	544	524	529	549	551	568	554	542	539	556	569	586	599
	80TH	652	640	660	688	681	660	675	676	692	707	693	691	688	710	727	768	775
35-54	20TH	272	279	281	291	279	282	283	293	300	306	284	273	255	267	269	282	299
	40TH	386	392	404	415	403	405	416	430	440	441	431	418	396	417	422	430	464
	Median	436	448	467	476	463	462	475	488	500	514	490	479	465	486	494	506	539
	60TH	491	506	528	536	523	521	534	548	563	579	559	544	534	555	574	584	615
	80TH	651	668	696	715	680	680	685	728	739	749	731	729	720	756	787	805	835
55-64	20TH	225	220	239	239	233	229	230	233	252	257	254	233	223	231	233	229	238
	40TH	339	344	359	360	357	352	364	369	387	396	384	367	357	367	370	370	388
	Median	391	397	415	421	414	410	425	428	454	461	447	432	425	432	444	446	457
	60TH	441	457	473	486	474	471	485	498	521	531	518	503	502	502	521	526	536
	80TH	605	622	659	664	648	653	662	672	705	720	708	695	700	689	725	749	756
65 and Over	20TH	118	126	138	142	145	151	152	152	156	158	158	162	166	170	177	179	186
	40TH	180	189	201	203	209	214	217	216	225	229	233	238	243	247	262	264	275
	Median	215	223	238	243	245	250	259	255	265	269	278	279	291	296	311	314	322
	60TH	258	266	286	290	291	299	308	306	313	316	325	331	346	349	367	368	383
	80TH	405	410	436	453	433	453	466	469	470	469	492	503	513	522	548	549	569

(Continued)

TABLE A-18. Continued

Age of Family Head	Income Percentile	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
									Unrelated Individuals									
Under 25	20TH	56	50	56	65	68	71	67	80	81	90	82	66	69	55	65	68	63
	40TH	117	114	123	137	129	142	138	146	155	168	159	141	140	128	136	137	135
	Median	156	149	159	177	168	174	176	182	194	205	191	179	175	167	173	177	173
	60TH	195	187	201	213	210	207	218	217	236	237	230	216	219	212	207	216	212
	80TH	296	291	305	309	294	298	305	319	326	330	318	314	306	300	306	314	314
25-34	20TH	163	170	158	171	159	161	163	169	164	180	172	153	163	148	161	173	165
	40TH	283	286	285	299	272	285	275	283	290	289	280	271	273	265	280	282	289
	Median	342	338	346	344	323	333	327	325	330	332	328	317	328	318	326	335	337
	60TH	390	381	391	393	367	380	372	379	387	385	374	368	374	372	381	392	389
	80TH	498	507	509	526	486	490	489	493	514	509	499	509	504	510	513	535	548
35-54	20TH	119	115	116	119	105	107	109	115	131	130	125	124	109	127	129	137	135
	40TH	235	234	228	236	220	220	227	241	255	266	246	256	242	276	268	276	281
	Median	285	282	285	300	287	282	294	310	320	325	318	329	325	339	346	354	362
	60TH	342	339	351	368	350	352	363	383	388	383	390	396	394	424	422	432	443
	80TH	479	488	504	541	516	530	547	557	573	558	564	586	577	624	624	615	633
55-64	20TH	80	71	76	84	89	84	88	87	87	84	87	91	91	87	91	85	87
	40TH	153	136	148	162	154	139	149	159	161	149	156	153	164	166	162	165	168
	Median	204	180	196	208	197	186	196	197	213	200	207	209	220	215	211	218	218
	60TH	252	235	246	256	252	245	253	252	266	258	264	261	269	267	264	279	281
	80TH	396	376	408	413	386	388	405	412	430	419	439	441	443	444	439	466	480
65 and Over	20TH	67	70	76	82	87	88	88	91	94	91	92	92	97	98	101	101	100
	40TH	92	98	106	115	114	118	118	121	125	123	124	125	131	135	137	136	136
	Median	107	115	122	130	129	132	134	136	142	139	140	145	149	159	160	159	160
	60TH	128	135	142	150	148	155	157	160	170	166	166	172	181	192	194	197	197
	80TH	208	216	228	229	245	240	243	249	263	260	257	275	295	311	324	320	323

SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

TABLE A-19. MEDIAN AND PERCENTILES OF ADJUSTED FAMILY INCOME, RELATIVE TO 1970 LEVEL, BY AGE OF FAMILY HEAD AND FAMILY TYPE, 1970-1986 (In percents of 1970 income level)

Age of Family Head	Income Percentile	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
									All Families									
Under 25	20TH	100	92	96	96	97	92	89	95	96	99	92	79	76	66	68	69	66
	40TH	100	92	97	102	97	90	91	94	98	101	95	86	83	78	77	79	77
	Median	100	92	99	101	98	92	93	93	100	102	95	90	87	80	82	83	82
	60TH	100	94	100	101	99	93	95	97	103	104	98	93	89	85	85	87	87
	80TH	100	97	100	102	99	95	97	99	103	105	99	97	94	91	92	96	95
25-34	20TH	100	99	102	109	105	103	104	106	106	108	101	92	90	86	92	95	95
	40TH	100	101	107	111	108	107	110	110	114	116	110	106	105	103	108	108	110
	Median	100	101	108	112	109	108	111	113	116	118	112	109	108	107	113	113	115
	60TH	100	100	108	112	108	108	111	113	115	118	113	111	111	109	116	117	118
	80TH	100	101	107	111	108	107	110	112	116	117	114	114	113	114	119	122	125
35-54	20TH	100	99	104	107	102	100	104	106	110	112	106	103	96	100	104	106	111
	40TH	100	102	108	111	107	106	109	113	117	119	115	113	110	115	117	120	126
	Median	100	101	108	111	107	106	110	114	117	118	115	115	112	117	120	122	128
	60TH	100	101	107	110	107	106	110	114	117	119	117	114	113	118	122	124	130
	80TH	100	102	109	111	108	108	110	114	117	119	117	117	117	122	127	129	134
55-64	20TH	100	99	102	109	105	97	101	105	111	111	108	105	103	101	102	103	107
	40TH	100	98	105	106	103	102	103	105	110	111	110	106	105	106	106	108	112
	Median	100	100	106	107	104	103	105	106	112	113	111	108	107	108	108	111	114
	60TH	100	100	106	108	104	103	107	107	113	116	113	110	109	111	112	114	117
	80TH	100	101	106	109	104	106	108	110	115	116	115	114	114	114	119	122	124
65 and Over	20TH	100	107	116	124	127	129	129	133	135	134	135	136	142	142	149	148	148
	40TH	100	106	113	118	119	123	124	124	130	130	131	134	138	144	148	149	153
	Median	100	106	112	116	119	121	121	122	128	129	129	133	138	143	149	149	154
	60TH	100	104	111	112	116	116	118	117	124	125	126	130	135	140	147	147	152
	80TH	100	100	106	108	110	110	113	113	116	115	119	121	127	130	136	137	141

(Continued)

TABLE A-19. Continued

Age of Family Head	Income Percentile	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
								All Families With Children										
Under 25	20TH	100	91	91	86	82	76	78	72	74	73	66	59	52	48	47	45	44
	40TH	100	94	93	94	88	72	76	76	85	82	74	67	60	53	55	53	50
	Median	100	94	95	96	91	79	80	81	85	84	80	72	67	60	62	63	57
	60TH	100	92	96	97	91	82	82	83	88	90	83	75	74	66	66	68	64
	80TH	100	98	101	100	95	87	90	92	94	98	92	86	82	76	79	79	79
25-34	20TH	100	98	103	108	104	101	101	101	103	102	92	86	80	77	80	80	82
	40TH	100	101	108	111	108	105	107	107	111	110	105	98	95	94	99	97	99
	Median	100	101	107	111	107	104	108	107	111	111	106	102	99	98	102	103	103
	60TH	100	101	108	111	108	105	108	110	112	114	108	105	103	102	106	107	109
	80TH	100	101	109	112	109	106	109	112	115	117	111	111	109	109	116	117	119
35-54	20TH	100	98	104	108	104	99	103	106	111	112	105	102	96	97	101	106	109
	40TH	100	101	108	111	107	106	109	112	116	119	114	112	108	111	114	119	123
	Median	100	102	109	112	109	107	111	115	119	121	117	114	113	117	119	123	128
	60TH	100	101	108	110	108	106	110	114	117	119	116	115	112	116	120	122	128
	80TH	100	102	109	111	108	107	109	113	117	120	118	115	116	122	125	128	134
55-64	20TH	100	100	107	107	107	95	102	102	108	113	102	102	94	93	88	95	92
	40TH	100	99	100	106	105	100	103	105	108	110	101	99	98	98	98	103	98
	Median	100	101	105	110	105	104	106	106	109	111	107	102	100	102	105	107	102
	60TH	100	101	105	109	104	102	104	104	108	110	108	102	101	102	108	106	103
	80TH	100	97	104	109	107	102	104	106	109	111	106	104	103	108	112	110	110
65 and Over	20TH	100	113	120	132	130	142	145	130	150	146	153	132	135	125	145	157	152
	40TH	100	109	112	115	125	139	125	121	142	147	131	119	140	131	140	144	142
	Median	100	104	112	107	115	121	109	109	123	131	119	106	129	120	135	126	137
	60TH	100	91	104	96	99	104	96	94	110	109	105	95	115	107	109	116	120
	80TH	100	97	98	93	99	97	93	93	101	101	100	94	96	101	104	112	115

(Continued)

TABLE A-19. Continued

Age of Family Head	Income Percentile	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
									Married Couples With Children									
Under 25	20TH	100	98	100	99	97	81	94	95	100	99	90	84	80	70	74	72	74
	40TH	100	94	98	101	97	87	91	94	99	100	92	84	83	79	76	82	82
	Median	100	94	98	100	95	88	91	92	99	100	94	86	86	79	78	84	83
	60TH	100	96	100	102	98	91	95	96	100	107	98	89	89	85	83	87	90
	80TH	100	100	103	104	99	93	98	98	105	110	101	99	100	91	94	93	96
25-34	20TH	100	101	106	115	112	104	106	108	111	112	105	98	93	90	98	95	102
	40TH	100	102	108	113	110	106	110	110	114	115	110	107	102	103	108	108	111
	Median	100	101	108	112	110	107	109	111	115	117	112	110	106	105	111	111	115
	60TH	100	102	109	114	110	108	111	113	116	120	114	112	110	110	115	116	118
	80TH	100	101	109	113	110	106	111	114	117	120	114	116	114	114	120	122	125
35-54	20TH	100	100	108	112	108	105	109	114	117	120	115	111	107	107	113	118	123
	40TH	100	102	110	113	109	108	112	116	121	123	119	117	116	119	122	126	131
	Median	100	102	109	112	109	107	112	116	120	123	120	118	117	121	124	127	133
	60TH	100	102	109	112	110	108	112	115	120	123	121	118	117	121	125	129	134
	80TH	100	103	111	111	109	109	110	115	119	122	120	119	121	124	128	132	139
55-64	20TH	100	106	106	113	104	101	110	103	112	119	117	111	103	105	105	100	99
	40TH	100	100	110	111	105	109	111	106	112	114	116	109	106	109	106	107	105
	Median	100	101	110	111	104	105	111	108	112	114	115	107	108	110	116	108	109
	60TH	100	102	108	113	105	106	112	107	113	116	117	112	110	111	117	116	113
	80TH	100	97	105	108	108	104	105	109	111	112	110	109	107	112	117	115	115
65 and Over	20TH	100	101	104	116	115	123	134	112	134	151	123	109	124	132	127	150	128
	40TH	100	107	125	129	121	136	130	119	155	155	130	113	146	152	137	147	148
	Median	100	100	114	114	103	113	116	103	134	125	116	94	121	133	123	120	122
	60TH	100	88	109	103	97	100	106	92	113	110	104	92	114	123	107	121	120
	80TH	100	100	105	95	101	97	110	93	110	103	94	95	103	116	113	114	130

(Continued)

TABLE A-19. Continued

Age of Family Head	Income Percentile	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
								Single Mothers With Children										
Under 25	20TH	100	103	100	105	103	111	111	100	100	92	100	89	82	76	68	76	71
	40TH	100	97	104	104	99	103	99	94	99	95	90	83	78	78	77	72	74
	Median	100	97	109	104	104	106	101	96	105	101	96	86	85	83	83	81	83
	60TH	100	96	100	99	107	100	93	96	106	99	97	90	86	85	84	81	81
	80TH	100	86	89	84	105	93	78	86	99	100	102	89	95	88	87	89	81
25-34	20TH	100	113	117	128	122	122	128	137	120	132	117	111	102	100	100	102	98
	40TH	100	101	108	109	109	111	113	114	109	117	109	106	95	95	97	92	91
	Median	100	102	105	109	108	115	115	120	117	129	116	113	101	100	106	99	97
	60TH	100	103	108	116	112	117	121	128	131	129	122	121	110	110	117	113	102
	80TH	100	97	108	113	114	112	118	117	123	124	120	111	111	111	116	116	106
35-54	20TH	100	96	99	100	99	99	106	110	106	104	104	97	93	90	93	97	96
	40TH	100	92	93	97	97	94	97	100	105	114	114	107	97	102	103	111	108
	Median	100	91	94	94	95	93	99	99	110	118	114	109	103	107	109	117	120
	60TH	100	92	96	96	98	97	101	103	112	122	114	112	107	111	112	121	125
	80TH	100	100	108	110	108	107	109	118	121	124	124	117	118	116	122	126	133
55-64	20TH	100	92	98	139	121	137	129	131	127	154	127	136	117	129	106	119	119
	40TH	100	91	96	115	109	118	111	132	114	143	122	136	105	115	104	123	124
	Median	100	108	109	131	123	121	123	143	136	163	131	140	117	121	117	138	138
	60TH	100	104	106	126	129	116	116	142	140	157	127	142	116	119	137	159	125
	80TH	100	96	89	95	110	92	102	119	111	118	99	102	96	103	112	123	113
65 and Over	20TH	100	83	95	107	166	146	141	149	159	178	156	132	132	132	161	197	202
	40TH	100	105	120	119	142	132	146	171	156	183	162	137	142	151	185	186	174
	Median	100	116	121	119	131	129	147	169	162	222	164	153	145	172	207	185	217
	60TH	100	125	120	121	141	137	149	163	175	230	188	171	153	177	222	202	255
	80TH	100	99	110	86	140	133	122	164	110	187	140	158	151	145	153	160	207

(Continued)

TABLE A-19. Continued

Age of Family Head	Income Percentile	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
								Childless Families										
Under 25	20TH	100	89	100	108	104	90	97	102	115	115	112	99	95	94	89	96	99
	40TH	100	95	100	104	104	94	97	104	113	113	112	99	98	96	91	100	99
	Median	100	96	101	104	103	94	98	104	113	112	110	100	101	97	94	101	101
	60TH	100	95	100	103	101	94	97	101	109	110	107	101	100	97	93	98	102
	80TH	100	96	102	104	101	95	97	101	108	109	105	104	98	96	101	101	108
25-34	20TH	100	93	102	105	101	106	105	107	113	112	110	104	104	102	106	106	107
	40TH	100	97	105	105	103	105	103	106	111	112	110	106	103	105	108	109	113
	Median	100	97	102	105	104	102	102	107	108	109	108	105	102	107	109	111	113
	60TH	100	99	105	107	107	103	104	108	108	111	109	106	106	109	111	115	117
	80TH	100	98	101	106	104	101	104	104	106	108	106	106	106	109	112	118	119
35-54	20TH	100	103	103	107	103	104	104	108	110	112	104	100	94	98	99	104	110
	40TH	100	102	105	108	104	105	108	111	114	114	112	108	103	108	109	111	120
	Median	100	103	107	109	106	106	109	112	115	118	112	110	107	111	113	116	124
	60TH	100	103	108	109	107	106	109	112	115	118	114	111	109	113	117	119	125
	80TH	100	103	107	110	104	104	105	112	114	115	112	112	111	116	121	124	128
55-64	20TH	100	98	106	106	104	102	102	104	112	114	113	103	99	103	103	102	106
	40TH	100	101	106	106	105	104	107	109	114	117	113	108	105	108	109	109	114
	Median	100	102	106	108	106	105	109	109	116	118	114	111	109	110	113	114	117
	60TH	100	104	107	110	107	107	110	113	118	120	118	114	114	114	118	119	121
	80TH	100	103	109	110	107	108	109	111	117	119	117	115	116	114	120	124	125
65 and Over	20TH	100	107	117	120	123	128	129	129	132	134	134	137	141	144	150	152	158
	40TH	100	105	112	113	116	119	121	120	125	127	129	132	135	137	145	147	153
	Median	100	104	111	113	114	116	120	119	123	125	129	130	135	138	145	146	150
	60TH	100	103	111	112	113	116	119	119	121	123	126	128	134	135	142	143	148
	80TH	100	101	108	112	107	112	115	116	116	116	122	124	127	129	135	135	140

(Continued)

TABLE A-19. Continued

Age of Family Head	Income Percentile	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
									Unrelated Individuals									
Under 25	20TH	100	89	100	116	121	127	120	143	145	160	146	118	123	98	116	121	112
	40TH	100	97	105	117	110	121	118	125	132	143	136	120	120	109	116	117	115
	Median	100	96	102	114	108	112	113	117	124	131	122	115	112	107	111	113	111
	60TH	100	96	103	109	108	106	112	111	121	121	118	111	112	109	106	111	109
	80TH	100	98	103	104	99	101	103	108	110	112	107	106	103	101	103	106	106
25-34	20TH	100	104	97	105	98	99	100	104	101	110	105	94	100	91	99	106	101
	40TH	100	101	101	106	96	101	97	100	102	102	99	96	96	94	99	100	102
	Median	100	99	101	101	94	97	96	95	96	97	96	93	96	93	95	98	98
	60TH	100	98	100	101	94	97	95	97	99	99	96	94	96	95	98	100	100
	80TH	100	102	102	106	98	98	98	99	103	102	100	102	101	102	103	107	110
35-54	20TH	100	97	97	100	88	90	92	97	110	109	105	104	92	107	108	115	113
	40TH	100	100	97	100	94	94	97	103	109	113	105	109	103	117	114	117	119
	Median	100	99	100	105	101	99	103	109	112	114	111	115	114	119	121	124	127
	60TH	100	99	103	108	102	103	106	112	113	112	114	116	115	124	123	126	129
	80TH	100	102	105	113	108	111	114	116	120	117	118	122	120	130	130	128	132
55-64	20TH	100	89	95	105	111	105	110	109	109	105	109	114	114	109	114	106	109
	40TH	100	89	97	106	101	91	97	104	105	97	102	100	107	108	106	108	110
	Median	100	88	96	102	97	91	96	97	104	98	101	102	108	105	103	107	107
	60TH	100	93	98	102	100	97	100	100	106	102	105	103	107	106	105	111	111
	80TH	100	95	103	104	97	98	102	104	109	106	111	111	112	112	111	118	121
65 and Over	20TH	100	104	113	122	130	131	131	136	140	136	137	137	145	146	151	151	149
	40TH	100	107	115	125	124	128	128	132	136	133	135	136	142	147	149	148	148
	Median	100	107	114	122	121	123	125	127	133	130	131	135	139	148	149	148	149
	60TH	100	105	111	117	116	121	123	125	133	129	129	134	141	150	151	154	154
	80TH	100	104	110	110	118	115	117	120	126	125	123	132	142	149	156	154	155

SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

APPENDIX B

INCOME, PRICE INDEXES, AND POVERTY THRESHOLDS

TABLE B-1. MEDIAN FAMILY INCOME, 1947-1986

Year	Median Family Income	
	In Current Dollars	In 1986 Dollars
1947	3,031	14,859
1948	3,187	14,522
1949	3,107	14,302
1950	3,319	15,124
1951	3,709	15,640
1952	3,890	16,066
1953	4,242	17,401
1954	4,167	16,978
1955	4,418	18,082
1956	4,780	19,301
1957	4,966	19,361
1958	5,087	19,292
1959	5,417	20,373
1960	5,620	20,791
1961	5,735	21,001
1962	5,956	21,592
1963	6,249	22,385
1964	6,569	23,210
1965	6,957	24,156
1966	7,532	25,421
1967	7,933	26,045
1968	8,632	27,204
1969	9,433	28,205
1970	9,867	27,846
1971	10,285	27,853
1972	11,116	29,143
1973	12,051	29,741
1974	12,902	28,673
1975	13,719	27,948
1976	14,958	28,817
1977	16,009	28,960
1978	17,640	29,629
1979	19,587	29,577
1980	21,023	27,964
1981	22,388	26,982
1982	23,433	26,610
1983	24,674	27,150
1984	26,433	27,898
1985	27,735	28,266
1986	29,458	29,458

SOURCES: Bureau of the Census, *Money Income of Households, Families, and Persons in the United States: 1984*, Current Population Reports, Series P-60, No. 151, April 1986, p. 29; *Money Income and Poverty Status of Families and Persons in the United States: 1986*, Series P-60, No. 157, July 1987, pp. 11 and 38.

TABLE B-2. COMPARISON OF ALTERNATIVE PRICE INDEXES, 1967-1986

	Official Consumer Price Index	CPI-X1		Personal Consumption Expenditures Deflator		Gross National Product Deflator	
		Value	Ratio to CPI	Value	Ratio to CPI	Value	Ratio to CPI
1967	100.0	100.0	1.00	100.0	1.00	100.0	1.00
1968	104.2	103.7	1.00	104.5	1.00	105.0	1.01
1969	109.8	108.3	0.99	109.0	0.99	110.9	1.01
1970	116.3	113.6	0.98	114.0	0.98	117.0	1.01
1971	121.3	118.5	0.98	119.4	0.98	123.6	1.02
1972	125.3	122.1	0.97	124.1	0.99	129.5	1.03
1973	133.1	129.7	0.97	131.8	0.99	137.9	1.04
1974	147.7	142.8	0.97	145.7	0.99	150.4	1.02
1975	161.2	154.6	0.96	157.3	0.98	165.2	1.02
1976	170.5	163.5	0.96	166.3	0.98	175.7	1.03
1977	181.5	173.9	0.96	177.1	0.98	187.5	1.03
1978	195.4	185.7	0.95	190.0	0.97	201.2	1.03
1979	217.4	203.6	0.94	207.5	0.95	219.1	1.01
1980	246.8	226.4	0.92	229.7	0.93	238.8	0.97
1981	272.4	247.9	0.91	250.9	0.92	262.0	0.96
1982	289.1	263.0	0.91	265.2	0.92	278.7	0.96
1983	298.4	271.5	0.91	276.0	0.93	289.6	0.97
1984	311.1	283.0	0.91	286.5	0.92	300.6	0.97
1985	322.2	293.1	0.91	296.6	0.92	310.5	0.96
1986	328.4	298.7	0.91	302.8	0.92	318.9	0.97

SOURCES: *Economic Report of the President* (U.S. Government Printing Office, 1987), pp. 251, 307, and 312; unpublished data from the Bureau of Labor Statistics.

TABLE B-3. ADJUSTED POVERTY THRESHOLDS, WEIGHTED AVERAGE BY FAMILY SIZE, 1967-1986 (In dollars) a/

	Family Composition								
	Unrelated Individual		Two Persons						
Year	Under 65	Over 65	Head Under 65	Head Over 65	Three Persons	Four Persons	Five Persons	Six Persons	Seven or More Persons
1967	1,722	1,600	2,238	2,017	2,661	3,410	4,019	4,516	5,550
1968	1,788	1,659	2,322	2,092	2,761	3,536	4,168	4,683	5,761
1969	1,867	1,733	2,424	2,185	2,884	3,692	4,355	4,890	6,018
1970	1,963	1,818	2,544	2,293	3,027	3,876	4,571	5,138	6,318
1971	2,050	1,895	2,653	2,391	3,154	4,042	4,767	5,362	6,595
1972	2,113	1,954	2,736	2,465	3,254	4,166	4,915	5,528	6,805
1973	2,248	2,076	2,908	2,619	3,457	4,424	5,221	5,874	7,245
1974	2,477	2,286	3,202	2,883	3,805	4,871	5,753	6,477	7,979
1975	2,682	2,475	3,469	3,124	4,117	5,275	6,233	7,016	8,653
1976	2,838	2,618	3,669	3,304	4,354	5,576	6,594	7,441	9,194
1977	3,020	2,784	3,901	3,512	4,631	5,932	7,013	7,915	9,788
1978	3,224	2,972	4,165	3,748	4,943	6,331	7,489	8,450	10,456
1979	3,538	3,258	4,568	4,111	5,417	6,942	8,218	9,285	11,500
1980	3,935	3,623	5,079	4,571	6,022	7,719	9,142	10,338	b/
1981	4,304	3,967	5,561	5,004	6,598	8,452	10,017	11,329	b/
1982	4,566	4,208	5,901	5,309	6,998	8,972	10,629	12,015	b/
1983	4,713	4,345	6,093	5,480	7,222	9,260	10,963	12,401	b/
1984	4,912	4,529	6,352	5,715	7,529	9,651	11,431	12,924	b/
1985	5,088	4,690	6,578	5,916	7,799	9,997	11,832	13,369	b/
1986	5,186	4,780	6,706	6,031	7,948	10,191	12,061	13,633	b/

SOURCE: Derived from data in Tables B-2 and B-4.

a. Poverty thresholds have been adjusted for inflation using the CPI-X1 since 1967. See text for discussion of adjustment methodology.

b. Until 1979, families with seven or more people had the same poverty threshold. Since 1980, there have been separate thresholds for families with seven, eight, and nine or more members. These thresholds are:

Year	Seven Persons	Eight Persons	Nine or More Persons
1980	11,706	13,025	15,499
1981	12,841	14,247	16,902
1982	13,679	15,210	17,920
1983	14,103	15,622	18,479
1984	14,642	16,339	19,328
1985	15,152	16,840	20,089
1986	15,509	17,094	20,465

TABLE B-4. OFFICIAL POVERTY THRESHOLDS, WEIGHTED AVERAGE BY FAMILY SIZE, 1967-1986 (In dollars)

	Family Composition								
	Unrelated Individual		Two Persons						
			Head	Head					
Year	Under 65	Over 65	Under 65	Over 65	Three Persons	Four Persons	Five Persons	Six Persons	Seven or More Persons
1967	1,722	1,600	2,238	2,017	2,661	3,410	4,019	4,516	5,550
1968	1,797	1,667	2,333	2,102	2,774	3,553	4,188	4,706	5,789
1969	1,893	1,757	2,458	2,215	2,924	3,743	4,415	4,958	6,101
1970	2,010	1,861	2,604	2,348	3,099	3,968	4,680	5,260	6,468
1971	2,098	1,940	2,716	2,448	3,229	4,137	4,880	5,489	6,751
1972	2,168	2,005	2,808	2,530	3,339	4,275	5,044	5,673	6,983
1973	2,307	2,130	2,984	2,688	3,548	4,540	5,358	6,028	7,435
1974	2,562	2,364	3,312	2,982	3,936	5,038	5,950	6,699	8,253
1975	2,797	2,581	3,617	3,257	4,293	5,500	6,499	7,316	9,022
1976	2,959	2,730	3,826	3,445	4,540	5,815	6,876	7,760	9,588
1977	3,152	2,906	4,072	3,666	4,833	6,191	7,320	8,261	10,216
1978	3,392	3,127	4,383	3,944	5,201	6,662	7,880	8,891	11,002
1979	3,778	3,479	4,878	4,390	5,784	7,412	8,775	9,914	12,280
1980	4,290	3,949	5,537	4,983	6,565	8,414	9,966	11,269	a/
1981	4,729	4,359	6,111	5,498	7,250	9,287	11,007	12,449	a/
1982	5,019	4,626	6,487	5,836	7,693	9,862	11,684	13,207	a/
1983	5,180	4,775	6,697	6,023	7,938	10,178	12,049	13,630	a/
1984	5,400	4,979	6,983	6,282	8,277	10,609	12,566	14,207	a/
1985	5,593	5,156	7,231	6,503	8,573	10,989	13,007	14,696	a/
1986	5,701	5,255	7,372	6,630	8,737	11,203	13,259	14,986	a/

SOURCES: *Social Security Bulletin, Annual Statistical Supplement, 1986*, p. 73; *Money Income and Poverty Status of Families and Persons in the United States: 1986*, Current Population Reports, Series P-60, No. 157, July 1987, p. 38.

a. Until 1979, families with seven or more people had the same poverty threshold. Since 1980, there have been separate thresholds for families with seven, eight, and nine or more members. These thresholds are:

Year	Seven Persons	Eight Persons	Nine or More Persons
1980	12,761	14,199	16,896
1981	14,110	15,655	18,572
1982	15,036	16,719	19,698
1983	15,500	17,170	20,310
1984	16,096	17,961	21,247
1985	16,656	18,512	22,083
1986	17,049	18,791	22,497

APPENDIX C

POVERTY STATISTICS FOR FAMILIES, 1970-1986

TABLE C-1. DISTRIBUTION OF FAMILIES BY PERCENTAGE OF ADJUSTED POVERTY THRESHOLDS, BY FAMILY TYPE, 1970-1986 (In percents of families of given type)

Family Income as a Percentage of the Adjusted Poverty Threshold	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
All Families																	
Less than 50 Percent	5	4	4	4	4	4	4	3	4	4	4	5	5	5	5	5	5
50 - 100 Percent	10	10	9	8	9	9	9	8	8	8	9	8	9	9	8	8	8
100 - 125 Percent	5	5	5	5	6	6	6	6	5	5	5	5	5	5	5	5	5
125 - 150 Percent	5	5	5	5	5	6	5	5	5	5	5	5	5	5	5	5	5
150 - 200 Percent	11	11	10	10	11	11	10	10	10	9	10	10	10	9	9	9	9
Over 200 Percent	64	64	66	67	66	65	66	67	68	69	67	67	66	67	68	68	69
All Families With Children																	
Less than 50 Percent	4	3	3	3	4	4	3	4	4	4	4	5	6	7	6	6	6
50 - 100 Percent	7	8	8	8	8	9	9	8	8	8	9	9	10	10	10	9	9
100 - 125 Percent	5	5	5	4	4	5	5	5	4	4	4	5	5	5	5	4	4
125 - 150 Percent	5	6	5	5	5	5	5	5	4	4	5	5	5	5	5	5	4
150 - 200 Percent	14	13	12	11	12	11	11	11	10	10	10	11	10	10	10	10	9
Over 200 Percent	65	65	68	69	67	66	67	68	69	70	67	65	64	64	65	66	67
Married Couples With Children																	
Less than 50 Percent	2	1	1	1	1	2	1	1	1	1	2	2	2	3	2	2	2
50 - 100 Percent	5	5	5	4	4	5	4	4	4	4	5	5	6	6	6	5	5
100 - 125 Percent	4	4	4	3	3	4	4	4	3	3	3	4	4	4	4	3	3
125 - 150 Percent	5	5	4	4	4	5	5	4	4	4	4	4	4	4	4	4	4
150 - 200 Percent	14	13	11	11	11	11	11	10	10	9	9	10	10	10	9	9	9
Over 200 Percent	71	71	75	77	75	74	75	77	78	79	77	75	73	73	75	76	78
Single Mothers With Children																	
Less than 50 Percent	18	17	17	15	16	15	13	14	16	14	15	18	20	21	21	20	21
50 - 100 Percent	27	29	28	29	28	28	30	27	26	24	26	25	27	25	24	25	25
100 - 125 Percent	9	10	11	10	10	10	9	10	9	8	8	8	7	7	8	7	8
125 - 150 Percent	8	8	7	8	8	8	8	7	6	7	7	7	6	7	6	6	5
150 - 200 Percent	14	13	12	12	12	12	12	13	13	12	13	13	11	12	12	11	11
Over 200 Percent	25	23	25	26	26	26	27	29	31	34	31	29	28	28	30	32	30

(Continued)

TABLE C-1. Continued

Family Income as a Percentage of the Adjusted Poverty Threshold	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Nonelderly Childless Families																	
Less than 50 Percent	1	1	1	1	1	1	1	1	1	1	1	1	2	2	2	2	2
50 - 100 Percent	3	3	3	2	2	3	2	2	2	2	2	3	3	3	3	3	2
100 - 125 Percent	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
125 - 150 Percent	2	2	2	2	2	3	2	2	2	2	2	2	2	2	2	2	2
150 - 200 Percent	5	6	5	5	5	5	6	6	5	4	5	6	5	5	5	5	5
Over 200 Percent	86	85	87	88	87	86	87	88	89	89	88	86	85	86	86	86	87
Nonelderly Unrelated Individuals																	
Less than 50 Percent	10	11	11	9	9	8	9	7	7	7	8	9	9	9	9	8	9
50 - 100 Percent	12	13	12	12	12	12	12	11	10	10	10	9	10	10	10	10	9
100 - 125 Percent	5	5	5	5	7	6	6	6	5	5	5	5	5	5	5	4	4
125 - 150 Percent	5	5	5	5	5	6	5	5	5	5	5	5	5	5	4	4	4
150 - 200 Percent	10	10	9	10	10	11	9	11	10	10	10	9	9	8	9	9	9
Over 200 Percent	57	56	57	59	58	58	59	60	62	64	63	62	62	62	64	64	64
Elderly Childless Families																	
Less than 50 Percent	2	2	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1
50 - 100 Percent	12	10	7	7	6	6	6	5	5	5	5	5	4	4	3	3	3
100 - 125 Percent	8	8	7	7	7	6	6	6	5	5	5	5	5	4	4	4	4
125 - 150 Percent	9	8	8	7	8	7	7	7	7	6	6	7	6	5	5	5	4
150 - 200 Percent	15	15	16	17	16	16	16	16	15	14	14	13	13	13	12	12	11
Over 200 Percent	54	57	61	61	63	64	65	65	67	68	69	70	71	72	74	74	77
Elderly Unrelated Individuals																	
Less than 50 Percent	10	9	7	6	4	4	3	2	2	4	2	3	3	3	2	2	3
50 - 100 Percent	36	32	29	24	25	24	24	22	21	22	22	22	19	18	17	17	17
100 - 125 Percent	13	14	16	17	18	16	17	17	16	16	16	15	14	14	14	14	14
125 - 150 Percent	10	11	12	13	14	13	12	14	13	14	14	13	14	12	13	13	12
150 - 200 Percent	10	11	13	14	12	14	15	15	15	15	15	15	15	15	15	15	15
Over 200 Percent	21	23	24	26	27	28	29	29	32	31	30	33	35	39	39	39	39

SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

TABLE C-2. ADJUSTED POVERTY RATES BY FAMILY TYPE, 1970-1986 (In percents of families of given type)

Family Type	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
All Families	15	14	13	12	12	13	12	12	12	12	12	13	14	14	13	13	13
Families With Children	11	12	11	11	12	12	12	12	12	12	13	14	16	16	16	15	15
Married couples	6	6	6	5	6	7	6	6	5	5	6	7	8	9	8	7	7
Single mothers	45	46	45	44	44	44	44	41	41	39	42	43	47	46	44	44	46
Nonelderly Units																	
Childless families	4	4	4	4	3	4	3	3	3	3	3	4	5	5	4	4	4
Unrelated individuals	23	24	23	21	20	20	20	18	18	17	17	18	18	19	18	18	18
Elderly Units																	
Childless families	14	12	9	8	7	6	7	6	6	6	6	6	6	6	4	4	4
Unrelated individuals	46	41	36	30	29	28	27	25	23	25	25	24	22	21	19	19	20

SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971-1987.

APPENDIX D

LIMITATIONS OF THE CURRENT POPULATION SURVEY

Virtually all of the income and demographic data used in the analysis come from the March Current Population Survey for the years 1971 through 1987. A supplement to the March survey obtains detailed information about incomes and work experience during the preceding calendar year for all members age 14 and over in nearly 60,000 interviewed households. Sample weights allow estimating values for the total noninstitutional population of the United States.

The reader should keep in mind a number of weaknesses in the data when examining the analytic findings. First, survey respondents do not fully report their incomes from all sources: compared with independent estimates, only about 72 percent of aggregate money income is reported on the CPS. Nearly two-thirds of the unreported income is subsequently imputed to CPS families by the Bureau of the Census. As a result, total income shown on the CPS--both reported and imputed--is about 90 percent of independent estimates of income.1/ This underreporting of income means that family well-being is understated. At the same time, the degree of underreporting of income has changed only marginally over time, so relative changes over the years are probably more accurately estimated.

A second problem with the CPS income data involves "top-coding," the lumping together of incomes exceeding a maximum value. For example, the data file for the March 1987 CPS reported wage and salary income for all people with earnings greater than $99,999 as equal to "$99,999 or greater." While top-coding does not affect the vast majority of families or most descriptive statistics such as medians, it does mean that one cannot accurately estimate either

1. Even with the addition of imputed incomes, the CPS shows larger fractions of income--estimated on the basis of other data--for some sources of income than for others. For example, about 99 percent of wage and salary income is identified, compared with between 75 percent and 85 percent of means-tested transfer income and less than half of income from interest, dividends, and rent.

incomes of those at the very top of the income distribution or distributions of aggregate income. This study omits estimates that would be influenced by top-coding.

Sampling problems of the CPS appear to affect income analyses at both ends of the distribution. Wealthy households seem to be more likely to refuse interviews, while low-income households are apparently more difficult to locate. As a result, both groups seem to be underrepresented in the CPS population, and estimates of their incomes may be inaccurate.

A final problem involves differences in family composition between the time of the CPS interview and the previous year to which income data apply. The CPS implicitly assumes that the family composition when the survey is conducted in March is the same as that for the previous year when reported incomes were received, even though many families will have changed. Because the income analyses in this paper are based on families, any differences in family composition between the two times will lead to inaccurate estimates of family well-being. The direction of any resulting bias is unknown.

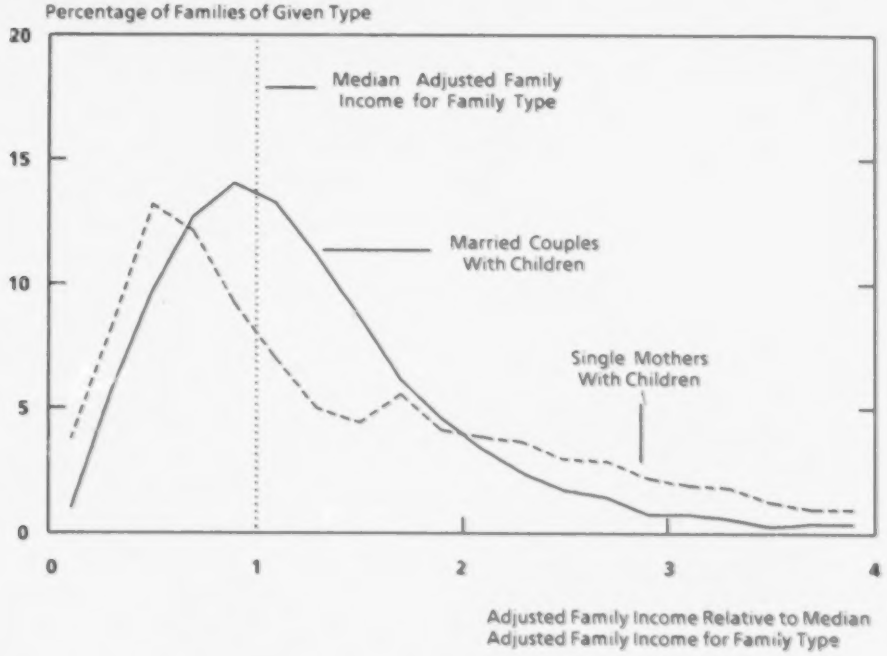
APPENDIX E

INCOME DISTRIBUTION BY FAMILY TYPE

The figures in this appendix show the distribution of adjusted family income (AFI) among families of different types. Family incomes vary widely both among family types and over time. To compare two income distributions, the absolute variation must be removed so that incomes are measured on comparable scales. In this appendix, such standardization is accomplished by measuring each family's income relative to the median AFI for the relevant family type--that is, the income measure depicted on the horizontal axis equals AFI divided by median AFI. Each point on the curves represents the percentage of families of a given type whose AFI fell in a range equal to 20 percent of the median AFI. Thus, for example, the highest point on the solid line in Figure E-1 shows that about 14 percent of married-couple families with children had adjusted incomes between 70 percent and 90 percent of the median AFI for all married couples with children in 1986.

The shape of each curve indicates how equally incomes are distributed among families of a given type in a given year. The more equally incomes are distributed, the higher will be the percentage of families with incomes near the median. In the figures, greater equality is shown by a high and narrow hump centered on the median AFI. In the extreme, perfect equality in which every family had the same AFI would be represented by a vertical line at the median reaching a vertical value of 100 percent. Conversely, shorter and wider humps indicate greater inequality of incomes. For example, in Figure E-2, the taller hump centered on the median AFI for nonelderly childless families shows that their incomes were distributed more equally than were the incomes of nonelderly unrelated individuals, whose curve is both shorter and more widely spread.

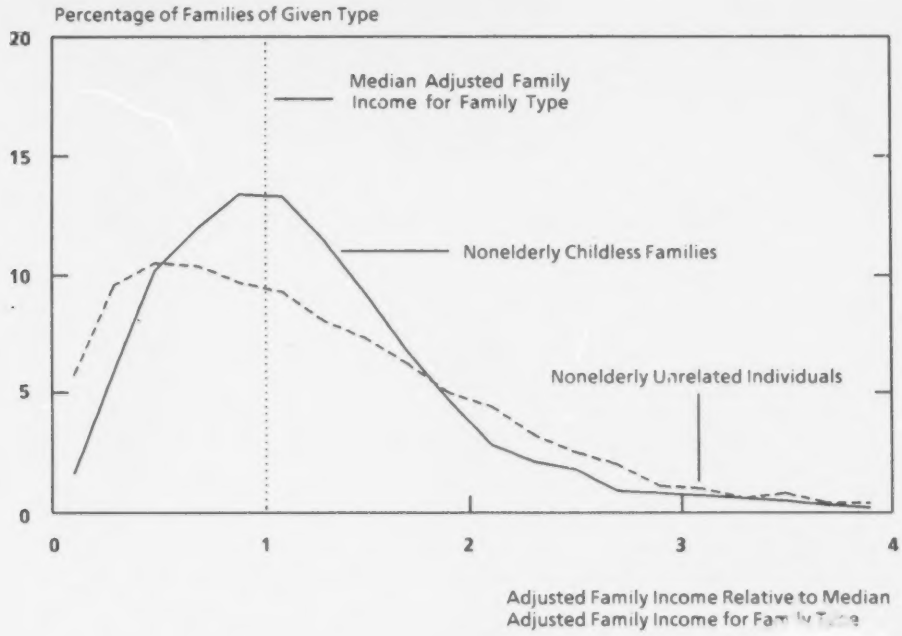
Figure E-1.
Income Distribution of Families With Children, by Family Type, 1986



SOURCE: Congressional Budget Office tabulations of March 1987 Current Population Survey data.

NOTE: Adjusted family income is measured as income divided by the poverty threshold.

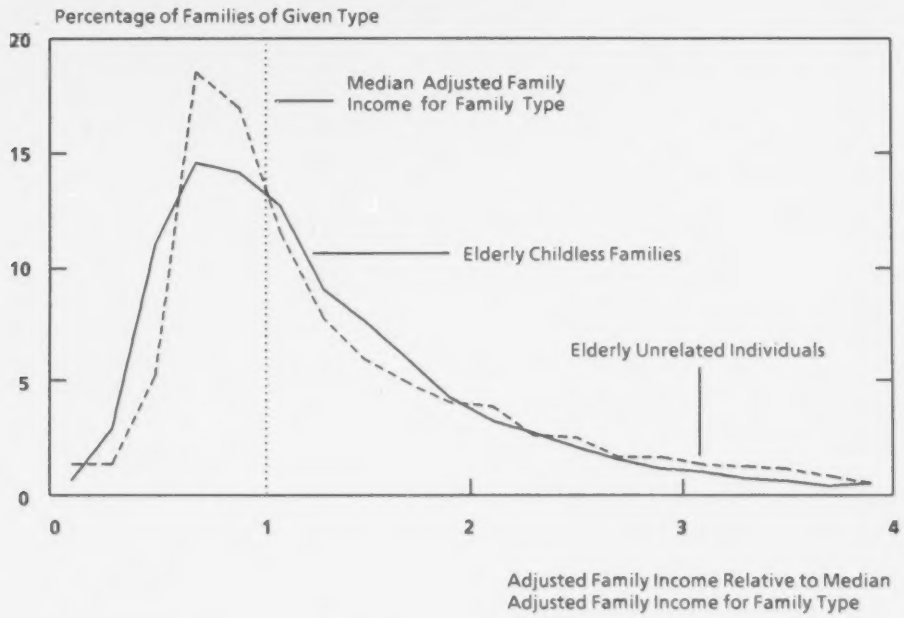
Figure E-2.
Income Distribution of Nonelderly Families Without Children, by Family Type, 1986



SOURCE: Congressional Budget Office tabulations of March 1987 Current Population Survey data.

NOTE: Adjusted family income is measured as income divided by the poverty threshold.

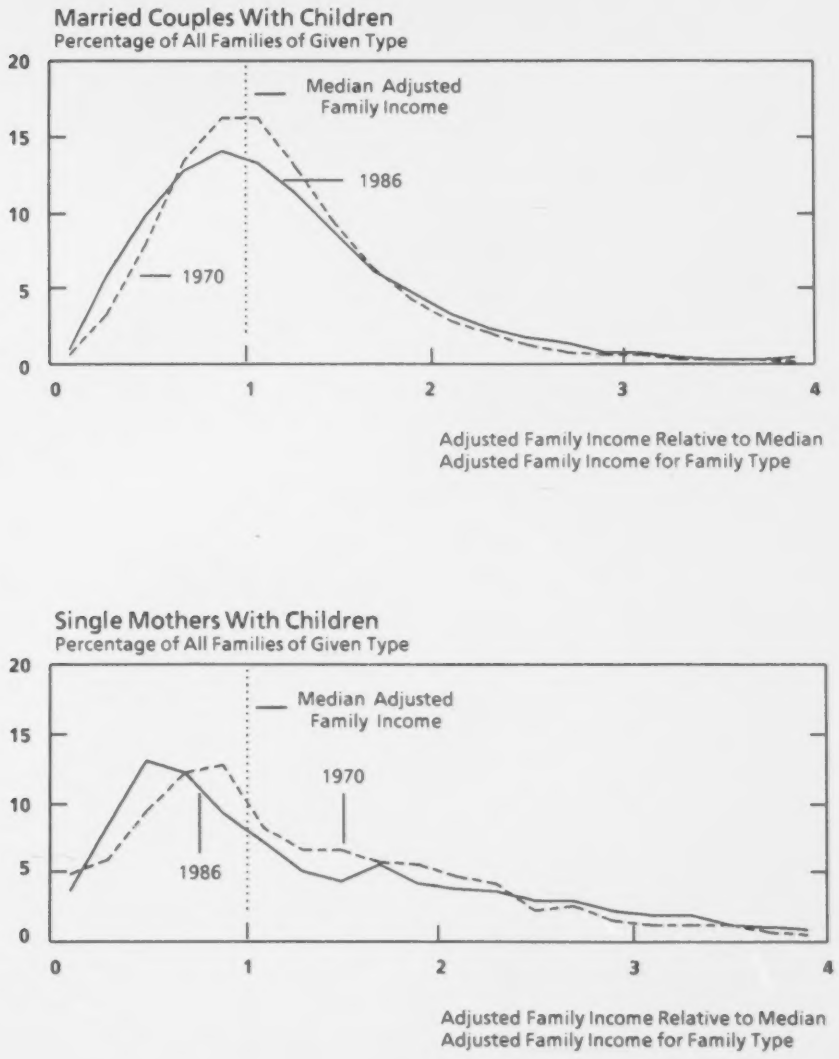
Figure E-3.
Income Distribution of Elderly Families Without Children, by Family Type, 1986



SOURCE: Congressional Budget Office tabulations of March 1987 Current Population Survey data.

NOTE: Adjusted family income is measured as income divided by the poverty threshold.

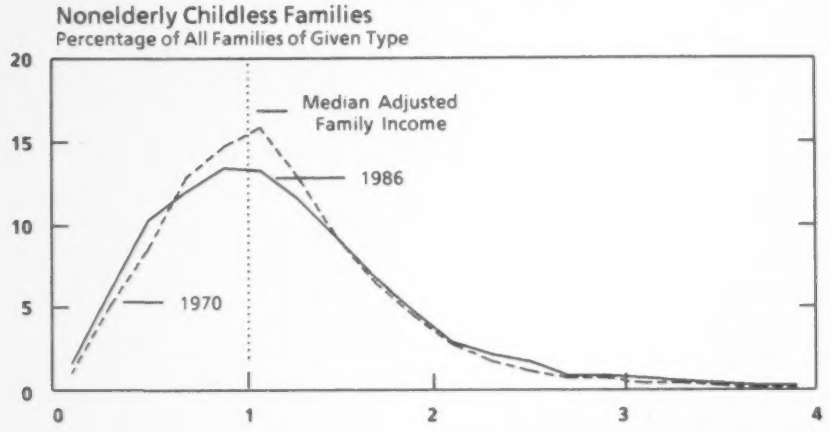
Figure E-4.
Income Distribution of Married Couples With Children and Single Mothers With Children, 1970 and 1986

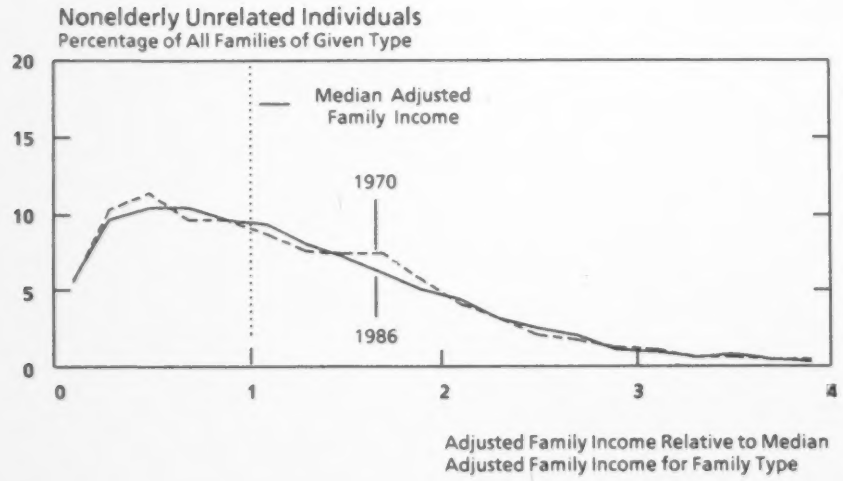


SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971 and 1987.

NOTE: Adjusted family income is measured as income divided by poverty threshold.

Figure E-5.
Income Distribution of Nonelderly Families Without Children, 1970 and 1986

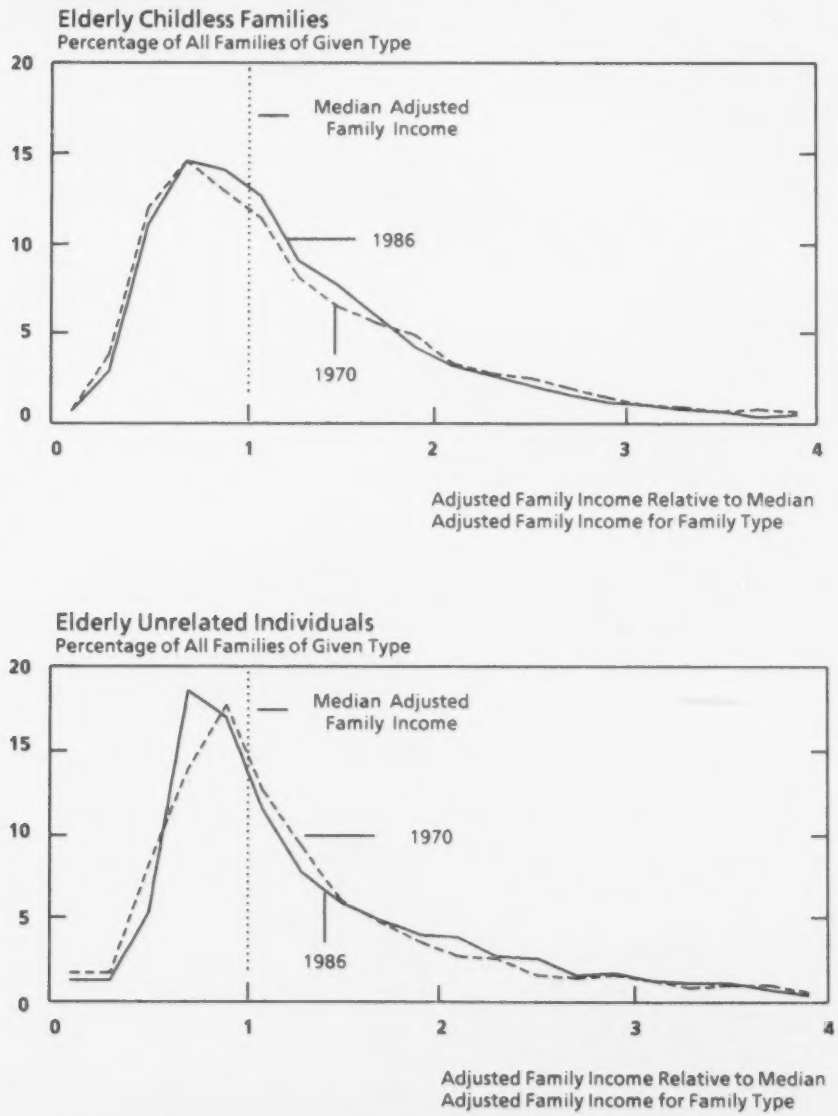




SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971 and 1987.

NOTE: Adjusted family income is measured as income divided by poverty threshold.

Figure E-6.
Income Distribution of Elderly Families Without Children, by Family Type, 1970 and 1986



SOURCE: Congressional Budget Office tabulations of Current Population Survey data, 1971 and 1987.

NOTE: Adjusted family income is measured as income divided by poverty threshold.

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